百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1168

ANNUAL REPORT 2020

* *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
Registered Public Interest Entity Auditors
35th Floor, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28th Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong
Telephone : (852) 2851 8811
Facsimile : (852) 2851 0970
Stock Code : 1168
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
Ping An Bank

CONTENTS

CHAIRMAN'S STATEMENT

On behalf of the board of directors 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 2020.

Official launch of ZA Insure

REVIEW

During the year ended 31 December 2020, 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 revenue of HK$384.5 million for the year and loss attributable to owners of the Company of HK$453.1 million. Basic loss per share amounted to HK12.80 cents. The Board does not recommend the payment of any final dividend for the year ended 31 December 2020 (2019: nil).

China's gross domestic product ("GDP") amounted to RMB101.6 trillion in 2020, up 2.3% year-on-year, which was probably the only major economy in the world with positive economic growth. It's worth noting that China's GDP in 2020 has exceeded RMB100 trillion, ranking second in the world, accounting for estimated 17% of the global economy. In 2020, China's per capita GDP has exceeded US$10,000 for two consecutive years.

2020 was an unforgettable year, "epidemic", "recession" and "conflict" became the three key words of the global economic situation in 2020. The COVID-19 pandemic has been spreading rapidly in the world so far, not only emerging market countries have become new hardest-hit areas, but the epidemic has also shown a second rebound in the United States and European developed countries. According to the World Health Organization, as of 31 December 2020, about 80.78 million people worldwide have been diagnosed with the disease, of which 1.79 million died of COVID-19 pandemic. In 2020, the global economy fell into the worst recession since World War II, and there are still a series of uncertainties about whether a V-shaped rebound will be achieved in 2021. According to the latest forecast by the International Monetary Fund in October 2020, the growth rate of the global economy was only -4.4% in 2020, which is the lowest growth rate of the global economy since the outbreak of World War II. Various conflicts are still complex and volatile in the world, or even escalating. For example, Sino-US economic and trade frictions are likely to persist for a long time.

CHAIRMAN'S STATEMENT

ZA Bank - Hong Kong's first virtual bank

ZA Bank launches Hong Kong's first Visa card with personalised number

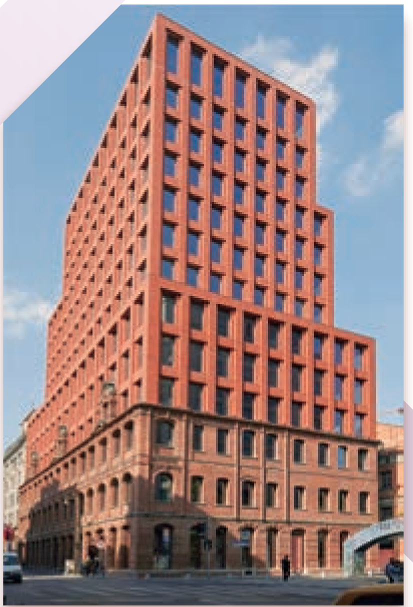
The COVID-19 first broke out in China, with Chinese government's timely and robust measures, the spread of the epidemic were quickly controlled and China took the lead in achieving an economic rebound. However, China's economy recovery has been characterized by significant imbalances. The current economic recovery is mainly driven by real estate investment, infrastructure investment and exports. In contrast, consumption and manufacturing investment are still weak in recovery. It is expected that the unbalanced recovery pattern of China's economy will continue in the future, which implies that the recovery speed of consumption is lagging behind that of investment, the recovery speed of demand is lagging behind that of production, and the recovery speed of manufacturing investment is lagging behind that of real estate and infrastructure. China's macro economy will still face many challenges.

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

Looking ahead to 2021, with the full launch of COVID-19 vaccine, the global economic growth is expected to rebound significantly. After the new US administration comes to power, the Sino-US relation is likely to enter a cooling-off period. In 2021, the operation of Chinese domestic economy will come into the "post-epidemic" period, the macro-policy will further return to normal. 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. It is expected that China's macro-economic control policies and financial reform policies in 2021 will continue to focus on the promotion of "steady growth".

CHAIRMAN'S STATEMENT



Andrew & George Building, ROCKBUND, Shanghai

Andrew & George Building, 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, 23 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Looking back at 2020, due to the unexpected outbreak and wide spread of the COVID-19 pandemic, all major economies worldwide fell into recession. In a tough and complex domestic and international environment, especially under the severe impact of COVID-19 pandemic, the PRC economy operations remained stable in 2020. The PRC economy achieved recovery growth while containing the pandemic, major economic targets were accomplished better than expected. The "13th Five-Year" plan came to a successful conclusion, which laid a foundation for the opening of the "14th Five-Year" plan. According to the data released by the National Bureau of Statistics, in 2020, China's gross domestic product ("GDP") reached RMB101.6 trillion, up by 2.3% year-on-year at comparable prices. By quarters, the GDP was down by 6.8%, up by 3.2%, up by 4.9% and up by 6.5%, year-on-year for the 1st quarter, the 2nd quarter, the 3rd quarter and the 4th quarter respectively. The total GDP of China exceeded RMB100 trillion for the first time, becoming the only major economy with positive economic growth in the world.

In 2020, the size of the PRC economy was 2.5 times larger than 2010 and 10.1 larger times than 2000. The target of doubling economic aggregate output was satisfactorily accomplished during the "13th Five-Year" plan period, and the economy was still expanding at a faster pace. In terms of economic increment, the GDP in 2020 increased by RMB2.95 trillion from 2019. The increase was significantly lower than the previous year due to the epidemic, but still exceeded the GDP for 2019. In terms of economic growth rate, the economy experienced negative growth in the first quarter due to the epidemic, then gradually increased after the second quarter, and achieved a medium to high growth rate of 6.5% in the fourth quarter. In 2020, the PRC economy experienced a growth by 2.3 percent, becoming the only country among the world's major economies to achieve economic growth, and its economic size is expected to increase to more than 17% of the world, demonstrating the strong vitality and resilience of the PRC economy. In 2020, the overall employment situation remained stable in China, and 11.86 million new jobs were created in urban areas, significantly higher than the expected target of over 9 million and representing 131.8% of the annual target. The annual monthly unemployment rate from urban surveys was 5.6%, lower than the expected target of around 6%.

Generally speaking, after strict epidemic control, administrative resumption of work and production, and the introduction of a basket of moderate macro-stimulus policies, the PRC economy was taking the lead to achieve a V-shaped rebound in the world and began to move towards a steady recovery, which provided a model for global economic recovery.

The Company has been actively responding to the Chinese government's and the Hong Kong SAR government's continued approach to promote financial technology development, and has made great efforts in exploring the methodology of enhancing its business model and creating value for the Group. While maintaining to develop real estate business and financing services business, the Group actively collaborated with leading Fintech companies in the market and grasped every opportunity to develop in the Fintech market. For instance, we invested in ZhongAn Online P & C Insurance Co., Ltd. ("ZhongAn Online") (stock code: 6060), with whom we established a joint venture, ZhongAn Technologies International Group Limited ("ZhongAn International").

For the year ended 31 December 2020, the Group's revenue was HK$384.5 million, decreasing by 14% as compared to last year. Gross profit was HK$229.2 million, decreasing by 14% as compared to the same period of last year. The Company recorded loss attributable to the owners of the Company of HK$453.1 million during the year, increasing by 43% as compared to last year. Basic loss per share amounted to HK12.80 cents, increasing by 43% year-on-year.

PROPERTY RENTAL

For the year ended 31 December 2020, total rental income amounted to HK$172.3 million, representing a decrease of 19% as compared to the same period of last year. Due to the outbreak of the COVID-19 pandemic, rental income recorded from investment properties dropped due to rent concession granted to tenants during the first half of the year with an aim to help them to overcome the challenging situation.

The aforesaid 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 2020, the occupancy rate of the office portion of Sinolink Tower was approximately 70%. 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. During the year, the hotel continued to operate in a challenging business environment. Due to the outbreak of the COVID-19 epidemic and the implementation of the epidemic prevention and control policies, O Hotel, as a proprietary brand of unique hotel, experienced a substantial decline in occupancy rate during the first half of the year. The management has adopted measures for more stringent cost control and better services, so as to improve the overall performance of the hotel.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2020, 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. In coordination with the epidemic prevention and control policies by the local government against the COVID-19 outbreak, the construction work of Rockbund was suspended for nearly two months in the first half of the year. The entire project is expected to commence operation upon completion of the construction in 2022.

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 provision of efficient financial leasing solutions and multiple consultancy services, so as to satisfy technology and new economy companies' demands for financial services at different stages of development.

For the year ended 31 December 2020, the interest income from financing services business amounted to HK$22.2 million (2019: HK$29.9 million) with effective interest rate of 5.5% per annum (2019: 5.7% to 7.6%). Due to the impacts on various sectors from the outbreak of the COVID-19 pandemic and the delay in resumption of work and production of the enterprises, coupled with our continuous efforts to enhance risk management of the financial leasing and factoring business, the overall performance of the segment was affected and slowed down as compared with previous years.

We believe that there are new opportunities within the challenges arising from the COVID-19 pandemic. Although the clients affected by the pandemic are faced with increasing liquidity risks in the short term, which may impose downward pressure on the Group's asset quality and in turn impact its short-term operating results to a certain extent, we are confident that with improvement in the situation for mid-to long-run, enterprises with high growth will gradually recover from liquidity shortage and remain favourable in the market, to which the Group will pay close attention. We will take proactive measures to tackle the new challenges brought by the complex situation.

OTHER BUSINESSES

Other businesses within the Group include property, facility and project management services. For the year ended 31 December 2020, the Group recorded a revenue of HK$182.7 million from other businesses, representing a year-over-year decrease of 9%.

* *For identification purpose only*

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 International 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, 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 Group 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$546,700,000). As at 31 December 2019, the fair value of these Redeemable Preference Shares was HK$581,489,000. During the year ended 31 December 2020, ZhongAn International exercises its rights to redeem all remaining Redeemable Preference Shares from the Group at consideration of RMB511,894,000 (approximately of HK$578,025,000). The Group has no investments in Redeemable Preference Shares as at 31 December 2020.

As stated in the announcement dated 18 July 2019 and the 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 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 has been approved by the shareholders of the Company at the special general meeting held on 4 September 2019. As of 31 December 2020, the Company subscribed 980,000,000 ordinary shares of new joint venture for a total subscription price of RMB960,784,313.24 in cash. The voting interests in ZhongAn International held by the Company remain at 49%.

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 that 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 strategies to achieve more stable return in respect of its investment in ZhongAn International.

For the year ended 31 December 2020, the Group's share of loss of ZhongAn International was HK$243.3 million (2019: loss of HK$147.1 million), which was mainly attributable to the initial development costs incurred by ZhongAn International.

ZhongAn International has actively engaged in Fintech and innovation in Hong Kong and has become one of the successful applicants to receive the first batch of virtual banking license in Hong Kong in 2019. On 18 December 2019, as the first virtual bank in Hong Kong, ZA Bank Limited ("ZA Bank"), which is wholly owned by ZhongAn International, announced the launch of its pilot trial to offer a brand new experience of its 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 Hong Kong Monetary Authority ("HKMA").

On 24 March 2020, ZA Bank officially became the first virtual bank in Hong Kong to provide Hong Kong residents with legacy-free banking products and services without time constraints.

Unlike the physical operating model of traditional banks, ZA Bank focuses on providing users with banking services 24/7 through the on-stop mobile App. Promoted by the "user participation" concept, ZA Bank encourages users to actively participate in product design and pre-development processes, so as to create products and services that cater for the needs of users. At present, ZA Bank's featured products and services include: ZA Demand Go, i.e. a deposit product with 1% annual interest rate; loan service with 30-minute commitment; simple and smooth transfer experience; and Visa Card - ZA Card – Hong Kong's first bank card with customized card number. As at 31 December 2020, ZA Bank has gained supports from more than 180,000 users.

Between June and December 2020, ZA Bank, as Hong Kong's first and only virtual bank that supports Hong Kong Government's Cash Payout Scheme, helped over 80,000 Hong Kong citizens to receive cash through simple and fast digital channels, and allowed more citizens to experience brand-new virtual banking service through the promotional activity "WANT11K Cash Payout Scheme"(唔要一萬　我要萬一).

In October 2020, ZA Bank officially launched Visa Card – ZA Card, which is the first user-customized number card in Hong Kong. With no annual fees, no interest and no late fees, ZA Card cooperated with several well-known partners to create a personalized, smooth and secure payment experience.

On 4 May 2020, ZA Life Limited ("ZA Life"), the joint venture between ZhongAn International and Fubon Life Insurance (Hong Kong) Company Limited, has obtained a digital-only insurer license from the Hong Kong Insurance Authority under its Fast Track pilot scheme. With business name of ZA Insure, ZA Life will make great effort in satisfying the protection needs of different people with innovative insurance services and products. ZA Insure is committed to bringing the needs of users back into focus, breaks through tradition with technology and helps them obtain the most suitable protection at a most reasonable cost. Users can obtain simple, fast, clear and understandable product and service experience through ZA Insure's 24/7 online platform from quotation, underwriting and claim.

ZA Insure's flagship products "ZA Life Protection", "ZA Cancer Protection" and "ZA Heart Attack & Stroke Protection" were launched on May 18, providing users with personalized coverage that "everyone can afford". These insurance products fill the users' basic needs for life and critical illness protection with a number of product features with market advantages. In addition, ZA Insure launched optional upgrade plan of "ZA Accident Insurance" in August to provide users with comprehensive protection.

ZhongAn International, in collaboration with SoftBank Vision Fund L.P., established ZA Tech Global Limited "ZA Tech" to expand the technology solution business of ZhongAn to overseas market. While redefining the insurance sector through technology, ZA Tech focuses on providing innovative technologies and solutions for the traditional insurance companies, and developing integrated insurance and financial solutions for the internet platforms.

Following the cooperation with Sompo Japan Insurance Inc. "Sompo", a Japanese insurance giant, and Grab Holdings Inc., a leading O2O platform in southeast Asia, ZA Tech announced in December 2020 that it became a regional technology partner of AIA Group "AIA", pursuant to which, ZA Tech will assist AIA to speed up its digitalization process and thus have access to new client base, and fill up users' demand for protection through providing innovative insurance products and connecting partners. The cooperation will focus on Malaysia at the initial period. ZA Tech will export its technological know-how and its patented system "Graphene" to assist AIA to rapidly develop and distribute scenario-based and digital-based insurance products. The Graphene system will help AIA effectively connect to digital partners and enable AIA to issue real-time policies for each client group based on different life scenarios. The cooperation is expected to extend from Malaysia to other markets of AIA and cover the digital life and health insurance.

In December 2020, ZA Tech announced to form a joint venture company with OVO, a leading E-wallet platform in Indonesia to jointly facilitate the development of digital insurance in Indonesia, provide various communities in Indonesia with innovative, affordable and safe digital insurance service and contribute to the inclusive finance on local market. According to the cooperation, ZA Tech will utilize its advantages in innovative Insuretech and independent research to provide OVO with advanced technology and platform solutions.

MAJOR ASSOCIATE – ROCKEFELLER GROUP ASIA PACIFIC, INC.

For the year ended 31 December 2020, the Group recorded share of loss of a major associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), of HK$1.3 million (2019: loss of HK$134.7 million), in respect of the Rockbund project, which was mainly due to the net effect of net exchange gain and fair value loss of investment properties.

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

As stated in the announcement of the Company dated 20 December 2019, 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. 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 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, capitalized terms used in this section will have the same meanings as those defined in the aforesaid announcement. For the year ended 31 December 2020, the Group invested RMB75,000,000 (approximately HK$82,147,000) in this investment fund.

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 a 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 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.

As at 31 December 2020, the directors of the Company reassessed the fair value of such investment after taking into consideration the estimated future cash flows and timing of such cash flows discounted at its original effective interest rate. The fair value loss was HK$314.5 million (2019: HK$203.0 million) during the year ended 31 December 2020.

* *For identification purpose only*

SIGNIFICANT INVESTMENTS

As at 31 December 2020, total equity instruments at fair value through other comprehensive income amounted to HK$2,528.9 million (31 December 2019: HK$1,994.6 million), mainly representing that of ZhongAn Online owned by the Group of approximately HK$2,334.6 million (31 December 2019: HK$1,884.9 million), which was measured at fair value at the end of this reporting period. As at 31 December 2020, the fair value of ZhongAn Online represented 21% 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 HK$92 million).

During the year, ZhongAn Online obtained the approval for full circulation of its converted H shares and the H share full circulation programme is subject to lock-up mechanisms. In valuation of the fair value of its investment in ZhongAn Online, the Group has taken into account the aforesaid lock-up mechanisms on the H shares of ZhongAn Online.

Looking forward to 2021, the world economy still faces with numerous challenges, while uncertainties arising from the trade dispute between China and the US and the COVID-19 pandemic will have a negative impact on the PRC economy.

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 products and service options.

In future, ZhongAn International, as a pioneer in the Insuretech and Fintech industry, will utilize its experience accumulated in Insuretech sector in the PRC to release the synergetic value of various ecosystems, and grow along with the industry with openness and long-term win-win as its goal.

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 based on the long-term interest of its Shareholders, and hope that proper resource allocation and effective management can provide a business development for the Group's stable growth.

MANAGEMENT DISCUSSION AND ANALYSIS

As the first Internet-based Insuretech company in China, ZhongAn Online upheld the mission of "empowering the finance business with technologies and providing insurance services with a caring hand". ZhongAn Online embraced the two-winged growth strategy of "Insurance + Technology", and adhered to integrating technologies into the whole insurance value chain. By empowering the insurance value chain with technologies and adopting an ecosystem-oriented approach (i.e. the "B2B2C" model), ZhongAn Online empowered the platforms operated by its ecosystem partners through its technology strengths via focusing on the Internet life from the customer end, in order to meet the diversified protection demands of customers and create value for them. Meanwhile, ZhongAn Online proved and upgraded its technology strength in the operation of its insurance business, and ZhongAn Online aims to enable the Internet insurance industry chain to export Insuretech and to facilitate the digital transformation of industry players across the world. 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.

EVENTS AFTER THE REPORTING PERIOD – RIGHTS ISSUE

As disclosed in the announcement and circular of the Company dated 6 January 2021 and 11 February 2021 respectively, the Company proposed the rights issue on the basis of four rights shares for every five existing shares at HK$0.28 per Rights Share on a non-underwritten basis. Capitalized terms used in this section will have the same meanings as those defined in the said circular. Subject to, among others, increase in authorized share capital becoming effective, the Company will raise funds not more than approximately HK$818.7 million and not less than approximately HK$356.2 million (before deducting expenses) by way of issuance of the Rights Shares to Qualifying Shareholders. Under the Rights Issue, not less than 1,272,226,600 Rights Shares and not more than 2,924,090,264 Rights Shares will be issued on the basis of four Rights Shares for every five existing Shares held on the Record Date at the Subscription Price of HK$0.28 per rights share. The Company will not allot fractions of Rights Shares, while all fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and sold in the market for the benefit of the Company. The proceeds from the Rights Issue after deducting the expenses are estimated to be not more than approximately HK$813.7 million and not less than approximately HK$351.2 million.

The Rights Issue has been approved by Shareholders of the Company at the special general meeting held on 8 March 2021.

As disclosed in the listing document of the Company dated 19 March 2021, the proceeds from the Rights Issue after deducting the expenses are estimated to be not more than HK$788.2 million and not less than approximately HK$351.2 million. The Company intends to apply the net proceeds from the Rights Issue as follows:

(a) approximately 15% will be used for repayment of external debts (the creditor is neither an existing shareholder(s) nor connected person (s) (as defined in the Listing Rules) of the Company, and are independent of the Company and the connected person(s) of the Company);

(b) approximately 75% will be used for further investment into the Fintech business of the Group. In view of the expansion plan of the Company's Fintech business, the Directors consider that more funding will be required in the future; and

(c) approximately 10% will be used for general working capital.

It is also expected that the Rights Issue will enhance the general working capital of the Group without incurring additional interest burden.

PROSPECTS

Looking forward to 2021, the PRC economy is expected to grow at a notably faster rate of 9%, with a possible tapering of growth towards the end of year. The impact of the COVID-19 pandemic on economy is like digging a pit which will be gradually filled up in 2021. That is to say, both the supply and demand will recover notably, while the economic growth will also become much faster. Due to the low-base in 2020, the PRC will see a tapering of economic growth from quarter to quarter in 2021. The economic growth is expected to reach as high as a double-digit in the first quarter, which will gradually fall back starting from the second quarter and return to a normal level in the further quarter. The full-year growth is expected to be around 9%, making the two-year average growth of 2020 and 2021 at about 5.6%. In addition, the PRC will see a continuous improvement in its overall economic structure, with consumption's contribution to economic growth expected to reach over 60% and investment's contribution to economic growth expected to decrease. In light of this macroeconomic trend, 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 products and service options. In particular, amidst the outbreak of the COVID-19 pandemic at the beginning of the year, technology helped to change and improve our lifestyle by providing faster and more convenient services and experiences. We witnessed rapid improvement in the potential and room for development in technology, which in turn offers more opportunities and greater value.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's total borrowings decreased from HK$797.6 million as at 31 December 2019 to HK$753.1 million as at 31 December 2020. As at 31 December 2020, the Group's gearing ratio, calculated on the basis of total borrowings over shareholders' equity, was 11.2% as compared with 12.1% as at 31 December 2019. The Group remained financially strong with a net cash position.

At 31 December 2020, HK$846,038,000 (31 December 2019: HK$778,865,000) were pledged to banks to secure general banking facilities granted to the Group. At 31 December 2019, structured deposits of HK$123,884,000 and investment properties with an aggregate carrying amount of HK$517,817,000 were pledged to banks to secure general banking facilities granted to the Group. The borrowings of the Group are denominated in RMB and HK$. 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$2,763.6 million (including structured deposits, bank deposits, pledged bank deposits, and cash and cash equivalents) as at 31 December 2020, mostly denominated in RMB, HK$ and USD.

CAPITAL COMMITMENTS

As at 31 December 2020, the Group had commitments of HK$34.9 million in respect of properties under development and HK$89.1 million in respect of establishment of investment fund.

CONTINGENT LIABILITIES

As at 31 December 2020, guarantees offered to banks as security for the mortgage loans arranged for the Group's property buyers amounted to HK$9.5 million.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group employed approximately 691 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 2020 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, 28 May 2021. 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, 25 May 2021 to Friday, 28 May 2021, 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, 24 May 2021.

PROFILES OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Xiang Ya Bo, aged 64, was appointed as the chairman of the board of directors of the Company and a member of remuneration committee and nomination committee of the Company on 28 June 2017. He was appointed as 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 35 years of experience in the field of corporate management, investment management and technical administration on computer technologies and e-commerce. Mr. Xiang has not held any directorship in other listed public companies in the past three years.

Mr. Chen Wei, aged 59, 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 35 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. 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 29, 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. ("ZhongAn Online"), a company whose shares are listed on The Stock Exchange of Hong Kong Limited (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.

Mr. Ou Yaping, aged 59, 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 the substantial shareholder of the Company. He is the chairman of ZhongAn Online, 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, 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.

PROFILES OF DIRECTORS

Mr. Tang Yui Man Francis, aged 58, 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 of the board of directors, a member of remuneration committee and nomination committee of the Company on 28 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, 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 63, 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 since 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 59, 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 Group Holdings Limited, a company listed on the Stock Exchange. 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 72, 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 2020.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 43 and 16 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 16 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 160 of this annual report. Description of the principal risks and uncertainties facing the Company can be found throughout this annual report particularly in notes 32 and 33 to the consolidated financial statements and the "Management Discussion and Analysis" from pages 5 to 16 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. 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 2020 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.

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 2020 are set out in the consolidated statement of profit or loss on page 49 of the annual report.

No interim dividend (2019: 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 2020 (2019: 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 53 of this annual report.

The Company's reserves available for distribution to shareholders of the Company as at 31 December 2020 amounted to HK$588,810,000 (2019: HK$623,321,000).

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 160 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 15 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 31 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. Chen Wei, Mr. Ou Yaping and Mr. Tian Jin 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 2020, 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 31.12.2020
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 2020, 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 2020 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price *HK$*	Number of shares subject to outstanding options as at 1.1.2020	Number of shares subject to outstanding options as at 31.12.2020	Percentage of the issued shares of the Company as at 31.12.2020
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 1 year.

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 1.1.2020	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2020
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 35 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 2020 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 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 December 2020
Asia Pacific (Note)	Beneficial owner/ Beneficial interest	1,590,283,250	–	1,590,283,250	44.90%

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 2020, 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 34 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 2020, 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 2020 is presented as follows:

	HK$'000
Non-current assets	6,017,570
Current assets	1,582,011
Current liabilities	(906,510)
Non-current liabilities	(8,613,010)
Net liabilities	(1,919,939)

The Group's attributable interest in the associated companies as at 31 December 2020 comprised net liabilities of HK$921,613,000.

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 2020.

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 2020.

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 35 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 2020 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, 23 March 2021

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 17 to 18 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 page 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, 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 2021 to 31 December 2021 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 2020, the Board held 5 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 5 regular Board meetings and the annual general meeting are set out below:

	No. of meeting(s) attended	
	Regular Board Meetings	**Annual General Meeting**
Executive Directors		
Xiang Ya Bo *(Chairman and Chief Executive Officer)*	5	1
Chen Wei	5	1
Non-executive Directors		
Ou Jin Yi Hugo	5	1
Ou Yaping	5	1
Tang Yui Man Francis	5	1
Independent Non-executive Directors		
Tian Jin	5	1
Xiang Bing	5	1
Xin Luo Lin	5	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 2020, the Remuneration Committee:

- reviewed the remuneration policy for 2020/2021;
- 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 2020 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 2020 is set out below:

Remuneration bands (HK$)	Number of person(s)
2,000,001 to 3,000,000	1
4,000,001 to 5,000,000	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 2020, the Audit Committee:

— reviewed the financial statements for the year ended 31 December 2019 and for the six months ended 30 June 2020;

— 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 2019 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 2020, 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 4 meetings during the year 2020 with individual attendance as follows:

Members of Audit Committee	No. of meeting(s) attended
Xin Luo Lin *(Chairman of the Audit Committee)*	4
Tian Jin	4
Xiang Bing	4

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 2020, 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 2021 annual general meeting.

The Nomination Committee held 1 meeting during the year 2020 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. Chen Wei, Mr. Ou Yaping and Mr. Tian Jin, the retiring Directors are proposed for re-election by shareholders of the Company at the forthcoming 2021 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 2020, 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 2020. Deloitte also reviewed the 2020 unaudited interim financial report of the Company prepared under HKFRSs.

Fees charged by Deloitte in respect of audit services for the year 2020 amounted to HK$2,700,000. 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 2020	**525**

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to ensure the Company maintains 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 2020, 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 2020.

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 2020 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 2020 annual 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 41 to 48.

INDEPENDENT AUDITOR'S REPORT

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 49 to 158, which comprise the consolidated statement of financial position as at 31 December 2020, 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 2020, 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 judgments and estimates required by the management in the fair value measurement of the investment in ZhongAn Online. As set out in note 17 to the consolidated financial statements, the investment in ZhongAn Online is measured at fair value of HK$2,334,621,000 as at 31 December 2020. As set out in notes 4 and 33 to the consolidated financial statements, the shares of ZhongAn Online subject to lock-up period 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 of Hong Kong Limited, discounted for lack of marketability based on estimation through Average-price Asian Put Option model with key assumptions of volatility of ZhongAn Online H Shares and related warrants 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 assumptions, including volatility of ZhongAn Online H Shares and related warrants and expected dividend yield with available market data; and • Engaging our valuation specialist to assess the appropriateness of methodologies and key inputs used.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Fair value of loan receivable from associates and amounts due from associates	
We identified the fair value of loan receivable from associates and amounts due from associates to be a key audit matter due to the inherent level of subjective judgments and estimates required by the management in the fair value measurement of the loan receivable from associates and amounts due from associates. As discussed in notes 4, 16 and 18 to the consolidated financial statements, the carrying amount of loan receivable from associates and amounts due from associates were HK$7,311,000 and HK$26,289,000, respectively. As further disclosed in note 18, 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 and amounts due from associates as well as the discount rate applied during the fair value measurement of loan receivable from associates and amounts due 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 and amounts due from associates - continued In determining the fair value of loan receivable from associates and amounts due 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 and amounts due 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 and amounts due from associates of HK$72,061,000 and HK$242,393,000, respectively, 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; and • 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.

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 judgments 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$2,739,311,000 as at 31 December 2020 with a net fair value loss on investment properties of HK$25,872,000 recognised in the consolidated statement of profit or loss for the year then ended as disclosed in note 15 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. As disclosed in notes 4 and 15 to the consolidated financial statements, in determining the fair values of the Group's investment properties, the valuer has applied income capitalisation method for respective properties, which involves, inter-alia, certain estimates, including appropriate capitalisation rates and reversionary rental value, 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; and • Engaging our valuation specialist to assess the appropriateness of methodologies and key inputs used.

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, actions taken to eliminate threats or safeguards applied.

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
23 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	2020	2019
		HK$'000	*HK$'000*
Revenue	5		
Interest income		**22,210**	29,921
Rental income		**172,269**	213,226
Other revenue from contracts with customers		**190,023**	205,761
Total revenue		**384,502**	448,908
Cost of sales		**(155,269)**	(183,141)
Gross profit		**229,233**	265,767
Other income	6	**90,701**	154,348
Selling expenses		**(4,893)**	(4,546)
Administrative expenses		**(110,983)**	(127,185)
Other gains and losses	7	**(19,666)**	(14,003)
(Decrease) increase in fair value of investment properties	15	**(25,872)**	4,545
Fair value gain on other financial assets at fair value through profit or loss ("FVTPL") and derivative financial instruments		**71,493**	30,202
Fair value loss on loan receivable from associates and amounts due from associates	18	**(314,454)**	(203,000)
Share of results of associates		**(243,220)**	(281,349)
Finance costs	8	**(31,576)**	(34,778)
Loss before taxation	9	**(359,237)**	(209,999)
Taxation	11	**(62,880)**	(69,188)
Loss for the year		**(422,117)**	(279,187)
Attributable to:			
Owners of the Company		**(453,114)**	(316,575)
Non-controlling interests		**30,997**	37,388
		(422,117)	(279,187)
		HK cents	*HK cents*
Loss per share	13		
Basic		**(12.80)**	(8.94)
Diluted		**(12.80)**	(8.94)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 *HK$'000*	2019 *HK$'000*
Loss for the year	**(422,117)**	(279,187)
Other comprehensive income (expense)		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**480,093**	(162,475)
Fair value gain on equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	**286,442**	108,155
	766,535	(54,320)
Total comprehensive income (expense) for the year	**344,418**	(333,507)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**171,562**	(361,038)
Non-controlling interests	**172,856**	27,531
	344,418	(333,507)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	NOTES	2020	2019
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment	14	**281,267**	300,419
Investment properties	15	**2,739,311**	2,599,888
Amounts due from associates	18	**26,289**	—
Interests in associates	16	**840,956**	401,946
Equity instruments at FVTOCI	17	**2,528,880**	1,994,592
Other financial assets at FVTPL	23	**88,406**	693,096
Other receivables	11	**158,399**	158,399
Loans receivables	21	**268,779**	—
Loan receivable from associates	18	**7,311**	78,703
Finance lease receivables	22	**767**	416
Deferred tax assets	30	**6,870**	3,191
Bank deposits	24	**124,449**	54,449
Pledged bank deposits	24	**—**	758,929
		7,071,684	7,044,028
Current assets			
Stock of properties	19	**935,818**	866,726
Trade and other receivables, deposits and prepayments	20	**122,310**	93,023
Loans receivables	21	**121,601**	419,075
Finance lease receivables	22	**2,984**	1,561
Other financial assets at FVTPL	23	**355,647**	387,298
Bank deposits	24	**89,911**	12,846
Structured deposits	25	**427,553**	408,482
Pledged bank deposits	24	**846,038**	19,936
Cash and cash equivalents	24	**1,275,637**	1,463,952
		4,177,499	3,672,899
Current liabilities			
Trade payables, deposits received and accrued charges	26	**468,915**	453,357
Contract liabilities	27	**10,242**	10,719
Taxation payable		**775,242**	707,977
Borrowings	28	**753,135**	112,167
Lease liabilities	29	**9,358**	8,895
		2,016,892	1,293,115
Net current assets		**2,160,607**	2,379,784
Total assets less current liabilities		**9,232,291**	9,423,812

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	NOTES	2020 *HK$'000*	2019 *HK$'000*
Non-current liabilities			
Borrowings	28	–	685,419
Lease liabilities	29	**2,391**	11,286
Deferred tax liabilities	30	**999,523**	841,148
		1,001,914	1,537,853
Net assets		**8,230,377**	7,885,959
Capital and reserves			
Share capital	31	**354,111**	354,111
Reserves		**6,400,424**	6,228,862
Equity attributable to owners of the Company		**6,754,535**	6,582,973
Non-controlling interests		**1,475,842**	1,302,986
Total equity		**8,230,377**	7,885,959

The consolidated financial statements on pages 49 to 158 were approved and authorised for issue by the Board of Directors on 23 March 2021 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 2020

	Attributable to owners of the Company										
	Share capital	Share premium	Translation reserve	Share option reserve	General reserves	Contributed surplus	Investments revaluation reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(note a)*	*HK$'000* *(note b)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2019	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
(Loss) profit for the year	–	–	–	–	–	–	–	(453,114)	(453,114)	30,997	(422,117)
Other comprehensive income for the year	–	–	385,403	–	–	–	239,273	–	624,676	141,859	766,535
Total comprehensive income (expense) for the year	–	–	385,403	–	–	–	239,273	(453,114)	171,562	172,856	344,418
Transfers	–	–	–	–	773	–	–	(773)	–	–	–
At 31 December 2020	354,111	1,824,979	613,295	79,300	185,071	367,782	1,315,800	2,014,197	6,754,535	1,475,842	8,230,377

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 2020

	2020	2019
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Loss before taxation	**(359,237)**	(209,999)
Adjustments for:		
Share of results of associates	**243,220**	281,349
Depreciation of property, plant and equipment	**33,779**	55,991
Interest income	**(106,765)**	(176,144)
Interest expenses	**31,576**	34,778
Dividend income	**(1,895)**	(3,097)
Decrease (increase) in fair value of investment properties	**25,872**	(4,545)
Fair value gain on other financial assets at FVTPL and derivative financial instruments	**(71,493)**	(30,202)
Fair value loss of loan receivable from associates and amounts due from associates	**314,454**	203,000
Impairment losses under expected credit loss model, net of reversal		
– loans receivables	**9,676**	887
– finance lease receivables	**1,164**	2,551
– trade receivables	**4,793**	8,166
Loss on disposal of property, plant and equipment	**1,983**	17
Gain on disposal of a subsidiary	**(1,989)**	—
Gain on disposal of interest in an associate	**—**	(103)
Operating cash flows before movements in working capital	**125,138**	162,649
Increase in stock of properties	**(12,793)**	(18,439)
Decrease (increase) in loans receivables	**42,957**	(67,347)
Decrease in finance lease receivables	**1,756**	148,109
Decrease in trade and other receivables, deposits and prepayments	**10,153**	14,679
Decrease in other financial assets at FVTPL	**148,759**	201,539
Decrease in trade payables, deposits received and accrued charges	**(9,051)**	(31,506)
(Decrease) increase in contract liabilities	**(1,102)**	98
Cash generated from operations	**305,817**	409,782
Taxation paid	**(43,363)**	(57,189)
Interest received from financing services business	**22,210**	29,921
NET CASH FROM OPERATING ACTIVITIES	**284,664**	382,514

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 HK$'000	2019 HK$'000
INVESTING ACTIVITIES		
Other interest received	**42,391**	120,827
Dividend received	**1,895**	3,097
Placement of bank deposits	**(411,746)**	(226,153)
Withdrawal of bank deposits	**276,543**	347,759
Placement of structured deposits	**(802,025)**	(725,000)
Withdrawal of structured deposits	**808,774**	547,727
Placement of pledged bank deposits	**(35,996)**	(19,888)
Withdrawal of pledged bank deposits	**19,685**	188
Proceeds from disposal of property, plant and equipment	**2,078**	82
Payment for property, plant and equipment acquired in previous years	**(2,888)**	(2,960)
Purchase of property, plant and equipment	**(5,859)**	(14,963)
Payment for investment properties acquired in previous years	**—**	(6,004)
Investment in associate	**(650,999)**	(436,524)
Advances to associate	**(268,682)**	(13,899)
Repayment from an associate (note 18)	**—**	139,436
Repayment of loan receivable from associates (note 18)	**—**	145,750
Proceed from disposal of interest in an associate	**—**	3,706
Purchase of equity instruments at FVTOCI (note 17 (i))	**(12,492)**	(11,150)
Proceed from return of capital from equity instruments at FVTOCI	**545**	11,221
Purchase of Redeemable Preference Shares (defined in note 16) (note 23 (i))	**—**	(106,276)
Proceed from redemption of Redeemable Preference Shares (note 23 (i))	**578,025**	159,091
Proceed from disposal of redeemable convertible preference shares (note 23 (ii))	**63,197**	—
Net cash inflow on disposal of a subsidiary (note 7 (ii))	**813**	—
Investment in unlisted fund investment in the PRC (note 23)	**(82,147)**	—
NET CASH USED IN INVESTING ACTIVITIES	**(478,888)**	(83,933)
FINANCING ACTIVITIES		
New borrowing raised	**68,135**	112,000
Repayment of borrowings	**(112,591)**	(340,114)
Repayment of lease liabilities	**(9,159)**	(9,342)
Interest paid	**(29,941)**	(32,894)
Dividend paid to non-controlling shareholder of a subsidiary	**—**	(68,182)
NET CASH USED IN FINANCING ACTIVITIES	**(83,556)**	(338,532)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(277,780)**	(39,951)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**1,463,952**	1,538,713
Effect of foreign exchange rate changes	**89,465**	(34,810)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**1,275,637**	1,463,952

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

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 43.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (collectively referred to as the "Group") has applied the "Amendments to References to the Conceptual Framework in HKFRS Standards" and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the "Amendments to References to the Conceptual Framework in HKFRS Standards" and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance 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)

Impacts on application of Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

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 and the related Amendments[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2[5]
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	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 June 2020
5 Effective for annual periods beginning on or after 1 January 2021

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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. 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 "Leases" ("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" ("HKAS 36").

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

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.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

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.

3.2 Significant accounting policies

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

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 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 in line with the Group's accounting policies.

All intragroup 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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Interests in associates (Continued)

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 carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate 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 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

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.

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 fee 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/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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Service income from finance leasing and loan financing services

The Group generated service income by referring potential consumers to insurance providers. The Company will not be entitled to any income until the transaction between the consumers and insurance provider is completed. Service income from finance leasing and loan financing services is recognised at a point in time when the customers successfully enter contracts with insurance providers.

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.

Leases

Definition of a lease

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 on or after the date of initial application or arising from business combinations, 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

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

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.

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 assets. 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 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.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease component, 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.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use assets arising from the head lease, not with reference to the underlying asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

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.

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.

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" 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

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 value, adjusted to exclude any prepaid or accrued operating lease income. 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.

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 testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

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

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.

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 are 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

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.

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 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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.

(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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(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.

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 and other receivables and deposits, loans receivables, bank deposits, pledged bank deposits and cash and cash equivalents, and other items (finance lease receivables and financial guarantee contracts) which are subject to impairment assessment 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.

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, in which case 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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 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)

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.

(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; or
- It is becoming probably that the borrower will enter bankruptcy or other financial reorganisation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 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)

(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.

(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 and 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.

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 ECL 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.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 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)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- 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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition/modification 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.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

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 an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Foreign currencies (Continued)

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

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.

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 "Income Taxes" ("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 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

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.

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 JUDGMENTS 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.

Critical judgments in applying accounting policies

The following is the critical judgment, 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 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 the shares of ZhongAn Online owned by the Group. As at 31 December 2019, the Group owned domestic shares of ZhongAn Online, which is different from the publicly-traded ordinary share capital of ZhongAn Online ("ZhongAn Online H Shares"). During the year ended 31 December 2020, these domestic shares owned by the Group has been converted into ZhongAn Online H Shares and is subject to lock-up mechanisms.

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

Key sources of estimation uncertainty (Continued)

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

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 assumptions including volatility of ZhongAn Online H Shares and expected dividend yield (2019: expected time for conversion of domestic shares to listed shares). 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 2020, the fair value of equity interest in ZhongAn Online classified as equity instruments at FVTOCI was approximately HK$2,334,621,000 (2019: HK$1,884,893,000). Details of the valuation methodology are disclosed in note 33.

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

The Group has a loan receivable from associates (see note 18) 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 2020, there was also amounts due from associates (note 18) represent receivables from associates which are mainly arisen from provision of property management services by the Group and fund advanced from the Group.

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 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 2020 and 2019 and amount due from associates as at 31 December 2020, 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$7,311,000 (2019: HK$78,703,000) as at 31 December 2020 and the carrying amounts of amounts due from associates are HK$26,289,000 (2019: nil) as at 31 December 2020. A fair value loss of HK$314,454,000 (2019: HK$203,000,000) was recognised during the year ended 31 December 2020.

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

Key sources of estimation uncertainty (Continued)

Fair value measurement and valuation process

The directors of the Company are 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 management of the Group reports to executive directors of the Company 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 33 and 15 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, including appropriate capitalisation rates and reversionary rental value, as appropriate. 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 2020, the carrying amount of investment properties is HK$2,739,311,000 (2019: HK$2,599,888,000) and the carrying amount of investment properties held by an associate is HK$5,880,048,000 (2019: HK$5,602,679,000).

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 judgment, including comparable market rent and capitalisation rate during the year ended 31 December 2020 and 2019. Where there are changes in assumptions due to market conditions, the estimate of receivable amount may be affected. Details of the recoverable amount calculation of the asset are disclosed in note 14. During the year ended 31 December 2020 and 2019, the Group has no impairment loss on property, plant and equipment.

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:

	2020	2019
	HK$'000	*HK$'000*
Recognised over time under HKFRS 15:		
- Property management fee income	**120,224**	127,461
- Consultation service income from financing services business	**–**	62
- Other service income	**62,521**	73,275
Recognised at a point in time under HKFRS 15:		
- Service income from finance leasing and loan financing services	**7,278**	4,963
Recognised under HKFRS 15	**190,023**	205,761
Recognised under other HKFRSs:		
- Rental income	**172,269**	213,226
- Interest income from financing services business	**22,210**	29,921
	384,502	448,908

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 2020

	Property management	**Property investment**	**Financing services**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property management fee income	**120,224**	**–**	**–**	**–**	**120,224**
Consultation service income from financing services business	**–**	**–**	**7,278**	**–**	**7,278**
Others	**–**	**–**	**–**	**62,521**	**62,521**
Revenue from contracts with customers	**120,224**	**–**	**7,278**	**62,521**	**190,023**
Rental income	**–**	**172,269**	**–**	**–**	**172,269**
Interest income from financing services business	**–**	**–**	**22,210**	**–**	**22,210**
Total revenue	**120,224**	**172,269**	**29,488**	**62,521**	**384,502**

5. REVENUE AND SEGMENT INFORMATION (Continued)

(A) Revenue (Continued)

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

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

(ii) Performance obligations for contracts with customers

Property management fee income/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

The Group generated service income by referring potential consumers to insurance providers. The Company will not be entitled to any income until the transaction between the consumers and insurance provider is completed. Service income from finance leasing and loan financing services is recognised at a point in time when the customers successfully enter contracts with insurance providers.

5. REVENUE AND SEGMENT INFORMATION (Continued)

(A) Revenue (Continued)

(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:

	2020 HK$'000	2019 HK$'000
Within one year	**23,198**	27,519
More than one year but not more than two years	**15,719**	16,708
More than two years but not more than five years	**24,909**	20,625
More than five years	**17,581**	18,295
	81,407	83,147

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.

(iv) Leases

	2020 HK$'000	2019 HK$'000
For operating leases properties:		
- Lease payments that are fixed	**166,598**	177,407
- Variable lease payments that do not depend on an index or a rate	**5,671**	35,819
	172,269	213,226
For finance leases equipment and premises:		
- Finance income on the net investment in the lease	**124**	10,022
	172,393	223,248

(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.

5. REVENUE AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

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

For the year ended 31 December 2020

	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	–	120,224	172,269	29,488	321,981	62,521	384,502
RESULT							
Segment results	(953)	8,531	128,262	4,203	140,043	(21,687)	118,356
Other income							90,701
Unallocated corporate expenses							(48,487)
Unallocated other gains and losses							(2,050)
Fair value gain on other financial assets at FVTPL and derivative financial instruments							71,493
Fair value loss on loan receivable from associates and amounts due from associates							(314,454)
Share of results of associates							(243,220)
Finance costs							(31,576)
Loss before taxation							(359,237)

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)

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, 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.

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 2020							
Amounts included in measure of segment results:							
Depreciation of other property, plant and equipment	–	333	847	60	17,008	6,088	24,336
Depreciation of right-of-use assets	–	–	1,209	486	–	7,748	9,443
Decrease in fair value of investment properties	–	–	25,872	–	–	–	25,872
Impairment losses under ECL model, net of reversal							
- loans receivables	–	–	–	9,676	–	–	9,676
- finance lease receivables	–	–	–	1,164	–	–	1,164
- trade receivables	–	–	–	4,793	–	–	4,793
Interest income from financing services	–	–	–	22,210	–	–	22,210
Amounts regularly provided to chief operating decision but not included in the measure of segment results:							
Fair value loss on loan receivable from associates	–	–	–	–	–	314,454	314,454
Share of loss of associates	–	–	–	–	–	243,220	243,220
Interest income (other than interest income from financing services)	–	–	–	–	–	84,555	84,555
Fair value gain on financial assets at FVTPL and derivative financial instruments	–	–	–	–	–	71,493	71,493
Finance costs	–	–	–	–	–	31,576	31,576

5. REVENUE AND SEGMENT INFORMATION (Continued)

(B) 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 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
Depreciation of right-of-use assets	–	–	1,221	1,392	8,074	–	10,687
Increase in fair value of investment properties	–	–	4,545	–	–	–	4,545
Impairment losses under ECL 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:							
Fair value loss on loan receivable from associates	–	–	–	–	–	203,000	203,000
Share of loss 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

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 and deferred tax assets 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 2020 or 2019.

6. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Dividends from financial assets at FVOCI	**750**	1,518
Dividends from financial assets at FVTPL	**1,145**	1,579
Interest income from bank deposits	**70,450**	76,216
Interest income on other financial assets at FVTPL	**14,105**	70,007
Others	**4,251**	5,028
	90,701	154,348

7. OTHER GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment, net	**(1,983)**	(17)
Net exchange loss	**(4,039)**	(1,327)
Provision for loss allowance (note i)		
- loans receivables	**(9,676)**	(887)
- finance lease receivables	**(1,164)**	(2,551)
- trade receivables	**(4,793)**	(8,166)
Gain on disposal of a subsidiary (note ii)	**1,989**	—
Gain on disposal of an associate (note iii)	**—**	103
Others	**—**	(1,158)
	(19,666)	(14,003)

Notes:

(i) Details of impairment assessment for the year ended 31 December 2020 and 2019 are set out in note 33.

(ii) During the year ended 31 December 2020, the Group disposed 100% equity interests in AA Finance (Hong Kong) Limited ("AA Finance") to an associate of the Group, ZhongAn Technologies International Group Limited ("ZhongAn International") at a cash consideration of HK$2,000,000. As at date of disposal, AA Finance had cash and cash equivalents of HK$1,187,000 and net asset value of HK$11,000. It resulted in a gain on disposal of HK$1,989,000.

(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

	2020 HK$'000	2019 HK$'000
Interest on borrowings	**29,051**	32,455
Interest on lease liabilities	**890**	439
Interest on deposits received for rental	**1,635**	1,884
	31,576	34,778

9. LOSS BEFORE TAXATION

	2020 HK$'000	2019 HK$'000
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	**2,700**	2,700
Staff costs including directors' remuneration		
Salaries	**121,838**	135,362
Retirement benefits schemes contributions	**8,897**	12,145
	130,735	147,507
Depreciation of right-of-use assets	**9,443**	10,687
Depreciation of other property, plant and equipment	**24,336**	45,304

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

The emoluments paid or payable to each of the 8 (2019: 8) directors of the Company were as follows:

	Year ended 31 December 2020								
	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)	3,906	2,240	3,061	650	2,240	–	–	–	12,097
Bonuses (Note c)	1,000	–	–	–	–	–	–	–	1,000
Retirement benefits schemes contributions	18	42	42	18	18	–	–	–	138
Total emoluments	4,924	2,282	3,103	668	2,258	250	250	250	13,985

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

	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

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. 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.

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

Of the five individuals with the highest emoluments in the Group, four (2019: four) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining one (2019: one) highest paid employee who was neither a director nor chief executive of the Company is follows:

	2020 ***HK$'000***	2019 *HK$'000*
Salaries and other benefits	**1,800**	1,800
Retirement benefits schemes contributions	**42**	42
	1,842	1,842

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

	2020 **Number of employee**	2019 Number of employee
HK$1,500,001 to HK$2,000,000	**1**	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 2020 and 2019.

11. TAXATION

	2020 ***HK$'000***	2019 *HK$'000*
The charge comprises:		
Current tax		
PRC Enterprise Income Tax	**55,848**	58,008
Deferred taxation (note 30)	**7,032**	(2,456)
Withholding tax	**—**	13,636
	62,880	69,188

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 2020 (2019: 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.

11. TAXATION (Continued)

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 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.

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

	2020 ***HK$'000***	2019 *HK$'000*
Loss before taxation	**(359,237)**	(209,999)
Tax at the applicable tax rate of 25% (2019: 25%)	**(89,809)**	(52,500)
Tax effect of expenses not deductible for tax purpose	**13,590**	25,787
Tax effect of income not taxable for tax purpose	**(4,210)**	(18,523)
Tax effect of share of results of associates	**60,805**	70,337
Tax effect on deferred tax liabilities resulting from withholding tax on undistributed profits of subsidiaries	**4,499**	(9,091)
Withholding tax on distributed profits of subsidiaries	**—**	13,636
Tax effect of tax losses not recognised	**3,111**	783
Tax effect of deductible temporary differences not recognised	**78,614**	50,750
Utilisation of tax losses previously not recognised	**(2,809)**	(7,151)
Utilisation of deductible temporary difference previously not recognised	**(911)**	(4,840)
Taxation for the year	**62,880**	69,188

11. TAXATION (Continued)

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 2020, 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 (2019: 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. In 2020, Commissioner has issued notice of objection to the Group and the Group has filed notice of appeal to Board of Review (Inland Revenue Ordinance) for hearing and determining tax appeals. Up to the date of issuance of these consolidated financial statements, the appeal hearing is yet to be held. 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.

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 2020, the Group has purchased tax reserve certificates of approximately HK$23,649,000 (2019: 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. In 2020, Commissioner has issued notice of objection to the Group and the Group has filed notice of appeal to Board of Review (Inland Revenue Ordinance) for hearing and determining tax appeals. Up to the date of issuance of these consolidated financial statements, the appeal hearing is yet to be held. 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 2020 (2019: nil).

13. LOSS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss profit per share	**(453,114)**	(316,575)

	2020	2019
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 2020 and 2019.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold lands and buildings HK$'000	Hotel buildings HK$'000	Building improvement in hotel HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 January 2019	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
Currency realignment	17,299	15,801	11,559	3,520	739	48,918
Disposals	(11,464)	–	–	(7,964)	(156)	(19,584)
Additions	5,858	–	–	574	142	6,574
Derecognition upon sublease	(6,601)	–	–	–	–	(6,601)
At 31 December 2020	309,732	262,230	191,793	80,846	15,612	860,213
DEPRECIATION AND IMPAIRMENT						
At 1 January 2019	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
Currency realignment	8,751	8,448	11,559	2,973	593	32,324
Provided for the year	19,336	9,549	–	3,967	927	33,779
Eliminated on disposals	(10,046)	–	–	(5,321)	(156)	(15,523)
Eliminated on depreciation of sublease	(2,121)	–	–	–	–	(2,121)
At 31 December 2020	161,637	140,770	191,793	72,274	12,472	578,946
CARRYING VALUES						
At 31 December 2020	148,095	121,460	–	8,572	3,140	281,267
At 31 December 2019	158,923	123,656	–	14,061	3,779	300,419

The carrying amount of the Group's leasehold land and buildings and hotel buildings comprises properties mainly 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%

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Leasehold land *HK$'000*	Leased properties *HK$'000*	Total *HK$'000*
Carrying amount			
At 31 December 2020	59,495	8,088	67,583
At 31 December 2019	57,109	20,076	77,185
For the year ended 31 December 2020			
Depreciation charge	1,209	8,234	9,443
Addition to right-of-use assets	—	715	715
Derecognition upon sublease	—	(4,480)	(4,480)
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

	2020 *HK$'000*	2019 *HK$'000*
Expense relating to short-term leases	**916**	942
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	**93**	99
Total cash outflow for leases	**11,058**	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.

The Group regularly entered into short-term leases for offices. As at 31 December 2020 and 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense for years ended 31 December 2020 and 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.

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension 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 2020	**Potential future lease payments not included in lease liabilities (undiscounted) 2020**	Lease liabilities recognised as at 31 December 2019	Potential future lease payments not included in lease liabilities (undiscounted) 2019
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Office - Hong Kong	**11,111**	**27,629**	19,196	27,629

During the years ended 31 December 2020 and 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 years ended 31 December 2020 and 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 2020 and 2019, the aggregate impairment losses on hotel buildings and the 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 at 31 December 2020 and 2019 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.

As at 31 December 2020, 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 RMB33 (2019: RMB32) per square meter per month and after adjustment of location, decoration standard, level and size from market rent and capitalisation rate of 10% (2019: 9.5%).

Since the recoverable amount of the hotel buildings determined based on the above is approximate to the carrying amount as at 31 December 2020 and 2019, no impairment loss is recognised in profit or loss during the years ended 31 December 2020 and 2019.

15. INVESTMENT PROPERTIES

The Group leases out various offices, retail premises and car parks 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 2.5% to 25% (2019: 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 2019	2,654,600
Exchange realignment	(59,257)
Increase in fair value of investment properties	4,545
At 31 December 2019	2,599,888
Exchange realignment	165,295
Decrease in fair value of investment properties	(25,872)
At 31 December 2020	2,739,311
Unrealised (loss) gain on property revaluation included in profit or loss:	
For the year ended 31 December 2020	(25,872)
For the year ended 31 December 2019	4,545

The fair values of the completed investment properties at 31 December 2020 and 2019 have been arrived at on the basis of a valuation carried out on those dates by C&W.

The fair values of office, retail premises and carparks (2019: 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 so to estimate the reversionary rental value.

The fair value of car parks as at 31 December 2019 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 change from the valuation technique used in the prior year since there are fewer sales transaction of car parks comparing to rental transactions during the year ended 31 December 2020.

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

15. INVESTMENT PROPERTIES (Continued)

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.

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 2020						
Office and retail premises	2,011,876	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.
				(ii) Market rent	(a) Office: RMB150 to RMB158 per month per square meter (b) Retails: RMB117 to RMB150 per month per square meter	(ii) The higher the market rent, the higher the fair value.
				(iii) Adjustments to market rent (location, size and decoration standard)	94% - 105%	(iii) The higher the premium/discount, the higher/lower the fair value.
Car parks	727,435	Level 3	Income capitalisation approach	(i) Capitalisation rate taking into account the capitalisation of existing contracts rent, market rent and nature of car parks	4.25%	(i) The higher the capitalisation rate, the lower the fair value.
				(ii) Market rent	RMB250 to RMB600 per month per square meter	(ii) The higher the market rent, the higher the fair value.
				(iii) Adjustments to market rent (location and facilities standard)	80% - 105%	(iii) The higher the premium/discount, the higher/lower the fair value.
	2,739,311					

15. 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 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.
				(ii) Market rent	(a) Office: RMB140 to RMB150 per month per square meter (b) Retails: RMB130 to RMB160 per month per square meter	(ii) The higher the market rent, the higher the fair value.
				(iii) Adjustments to market rent (location, size and decoration standard)	81% - 102%	(iii) 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	(i) The higher the market price, the higher the fair value.
				(ii) Location adjustment	80% - 110%	(ii) The higher the premium/discount, the higher/lower the fair value.
	2,599,888					

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.

At 31 December 2019, the Group's investment properties with carrying values of HK$517,817,000 were pledged to secure general banking facilities granted to the Group. That pledge has been released during the year ended 31 December 2020.

16. INTERESTS IN ASSOCIATES

	2020	2019
	HK$'000	*HK$'000*
Cost of unlisted interests in associates	**1,317,451**	610,767
Share of post-acquisition results	**(476,495)**	(208,821)
	840,956	401,946

16. INTERESTS IN ASSOCIATES (Continued)

Details of the Group's principal associates as at 31 December 2020 and 2019 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 2020	2019	Principal activities
Interest directly held by the Group					
RGAP	The British Virgin Islands ("BVI") - limited liability company	Hong Kong	49%	49%	Investment holding
ZhongAn International (note i)	Hong Kong - limited liability company	Hong Kong	49%	49%	Technology development/ Technology consulting
Chongqing ZhongAn Loan Co., Ltd. ("Chongqing ZhongAn") (note ii)	PRC - sino-foreign equity joint venture	PRC	17.64%	17.64%	Money lending in the PRC
MMT E Buy (Cayman) Corporation ("MMT E Buy") (note i)	Cayman Islands - limited liability company	PRC	15%	30%	Investment holding
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%	24.01%#	Technology development/ Technology consulting
ZA Bank Limited	Hong Kong	Hong Kong	49%	49%#	Virtual Bank
ZA Life Limited	Hong Kong	Hong Kong	31.85%	31.85%#	Life insurance
Key subsidiary of MMT E Buy					
深圳市融壹買信息科技有限公司 (formerly known as 深圳市買買提信息科技有限公司)	PRC - limited liability company	PRC	15%	30%*	Online lending platform

16. INTERESTS IN 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 深圳市融壹買信息科技有限公司 (formerly known as 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.

ZhongAn International has 49% interest in ZA Tech Global Limited. 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.

ZhongAn International has 100% and 65% interest in ZhongAn Financial Services Limited (the immediate holding company of ZA Bank Limited) and ZA Life Limited, respectively.

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.

16. INTERESTS IN ASSOCIATES (Continued)

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

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.

	2020	2019
	HK$'000	*HK$'000*
Non-current assets	**6,017,570**	5,735,034
Current assets (mainly represented by properties under development for sale)	**1,582,011**	1,363,365
Current liabilities	**(906,510)**	(741,876)
Long-term borrowings	**(2,595,211)**	(2,537,581)
Deferred tax liabilities	**(533,975)**	(552,740)
Amounts due to shareholders - due after one year	**(5,483,824)**	(5,053,289)
Net liabilities	**(1,919,939)**	(1,787,087)
Deficiency in equity attributable to owners of RGAP	**(1,880,843)**	(1,744,295)
Non-controlling interests of RGAP's subsidiaries	**(39,096)**	(42,792)
	(1,919,939)	(1,787,087)
Revenue	**177,374**	203,289
Decrease in fair value of investment properties	**(354,650)**	(108,566)
Administrative expenses and other income	**(53,455)**	(67,706)
Net exchange gain (loss)	**375,497**	(93,589)
Finance cost	**(199,136)**	(189,108)
Tax credit (charge)	**51,695**	(19,204)
Loss for the year (note)	**(2,675)**	(274,884)
Group's share of loss of associates for the year	**(1,310)**	(134,693)

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.

16. INTERESTS IN 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:

	2020	2019
	HK$'000	*HK$'000*
Net liabilities of RGAP Group attributable to owners of RGAP	**(1,880,843)**	(1,744,295)
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 18.

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**	**Key inputs**	**Range of significant inputs**	**Relationship of unobservable inputs to fair value**
	HK$'000					
As at 31 December 2020						
Investment properties under construction	2,728,975	Level 3	Residual approach	(i) Market unit sales rate with an expected profit margin of 6%	Market unit sale rate: RMB62,000 to RMB124,000 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)	95% - 108%	The higher the premium/ discount, the higher/lower the fair value.
Completed office and retail premises	3,151,073	Level 3	Income capitalisation approach	(i) Capitalisation rate	5.25%	The higher the capitalisation rate, the lower the fair value.
				(ii) Market rent	RMB345 - RMB1,399 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)	95% - 105%	The higher the premium/ discount, the higher/lower the fair value.
	5,880,048					

16. INTERESTS IN ASSOCIATES (Continued)

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

Description	Fair value	Fair value hierarchy	Valuation techniques	Key inputs	Range of significant 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					

The valuations of investment properties under construction as at 31 December 2020 and 2019 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.

16. INTERESTS IN 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:

	2020	2019
	HK$'000	*HK$'000*
Non-current assets	**5,517**	5,738
Current assets (mainly represented by loan receivables)	**827,541**	691,310
Current liabilities	**(213,418)**	(120,536)
Net assets	**619,640**	576,512
Revenue	**143,610**	30,849
Provision for loss allowance on financial assets	**(11,353)**	(9,906)
Administrative expenses	**(124,456)**	(18,548)
Profit for the year	**7,801**	2,395
Group's share of profit of associate for the year	**1,376**	423

16. INTERESTS IN 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:

	2020	2019
	HK$'000	*HK$'000*
Net assets attributable to owners of Chongqing ZhongAn	**619,640**	576,512
Proportion of the Group's ownership interest in Chongqing ZhongAn	**17.64%**	17.64%
	109,304	101,697
Exchange difference	**708**	6,939
Carrying amount of the Group's interest in Chongqing ZhongAn	**110,012**	108,636

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 23.

During the year ended 31 December 2020, the Group has further subscribed for 588,000,000 (2019: 392,000,000) new ordinary shares of ZhongAn International, in proportion to its existing shareholding for HK$650,999,000 (2019: HK$436,523,000) in cash. Upon the subscription of shares, the Group continues to hold 49% equity interests in ZhongAn International.

16. INTERESTS IN ASSOCIATES (Continued)

ZhongAn International (Continued)

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

	2020 *HK$'000*	2019 *HK$'000*
Total assets (2020: mainly represented by financial assets and cash and cash equivalents; 2019: mainly represented by cash and cash equivalents)	**9,481,218**	2,503,376
Total liabilities (2020: mainly represented by deposits form customers)	**(6,866,105)**	(448,377)
Net assets	**2,615,113**	2,054,999
Surplus in equity attributable to owners of ZhongAn International	**1,340,105**	545,979
Redeemable Preference Shares	**938,709**	1,480,721
Non-controlling interests of subsidiaries of ZhongAn International	**336,299**	28,299
	2,615,113	2,054,999
Total revenue and other income	**324,939**	134,453
Total expenses	**(900,791)**	(483,793)
Share of results of associates	**(33,953)**	28
Income tax	**(73)**	(3,070)
Loss for the year	**(609,878)**	(352,382)
Attributable to:		
Owners of ZhongAn International	**(496,502)**	(300,160)
Non-controlling interests of subsidiaries of ZhongAn International	**(113,376)**	(52,222)
	(609,878)	(352,382)
Group's share of loss of associate for the year	**(243,286)**	(147,079)

16. INTERESTS IN 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:

	2020	2019
	HK$'000	*HK$'000*
Net assets attributable to owners of ZhongAn International	**1,340,105**	545,979
Proportion of the Group's ownership interest in ZhongAn International	**49%**	49%
	656,651	267,530
Exchange difference	**44,056**	8,835
Other adjustment (note)	**30,237**	16,945
Carrying amount of the Group's interest in ZhongAn International	**730,944**	293,310

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 23.

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.

16. INTERESTS IN ASSOCIATES (Continued)

MMT E Buy (Continued)

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:

	2020	2019
	HK$'000	*HK$'000*
Non-current assets	**99,216**	20,821
Current assets (mainly represented by loans receivables)	**91,332**	595,077
Current liabilities (mainly represented by preference shares)	**(58,470)**	(445,069)
Non-current liabilities	**(2)**	(1,839)
Net assets	**132,076**	168,990

	2020	2019
	HK$'000	*HK$'000*
Revenue	**115,801**	441,841
Selling and administrative expenses and other gain and losses	**(128,330)**	(244,264)
Provision for loss allowance on financial assets	**(29,056)**	(169,308)
Tax charge	**(132)**	(2,079)
(Loss) profit for the year	**(41,717)**	26,190
Group's share of profit of associate for the year (note)	**–**	–

Note: For the purposes of HKAS 28 "Investments in Associates", 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. EQUITY INSTRUMENTS AT FVTOCI

	2020 *HK$'000*	2019 *HK$'000*
Equity instruments at FVTOCI comprise:		
Equity securities of an entity listed in Hong Kong, at fair value (note i)	**2,334,621**	1,884,893
Unlisted equity securities in Hong Kong, the PRC and overseas, at fair value (note ii)	**194,259**	109,699
Total (note iii)	**2,528,880**	1,994,592

Notes:

(i) As at 31 December 2019, the Group owned domestic shares of ZhongAn Online, which is different from ZhongAn Online H Shares. During the year ended 31 December 2020, these domestic shares owned by the Group has been converted into ZhongAn Online H Shares and is subject to lock-up mechanisms. The marketability of domestic shares and ZhongAn Online H Shares with lock-up period are different from publicly traded ZhongAn Online H Shares. The fair value of investment in ZhongAn Online at 31 December 2020 and 2019 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 33.

(ii) During the year ended 31 December 2020, the Group additionally invested in an unlisted equity security in overseas of HK$12,492,000 (2019: HK$11,150,000).

(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.

18. LOAN RECEIVABLE FROM ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES

	2020	2019
	HK$'000	*HK$'000*
Shareholder's loan receivable - measured at FVTPL	**865,231**	935,313
Less: Share of loss and other comprehensive expenses of associates in excess of cost of investment	**(857,920)**	(856,610)
	7,311	78,703
Amounts due from associates	**26,289**	–

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.

At 31 December 2020, amounts due from associates, which represented the current account with RGAP, were unsecured, interest-free and repayable on demand.

Loan receivable from associates as well as the amounts due from associates 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. The directors of the Company consider that the loan receivable and amounts due from associates will not be repayable within one year from the end of the reporting period, and hence the amount are classified as non-current assets. Details of the valuation techniques and key inputs are stated in note 33.

A fair value loss of HK$314,454,000 (2019: HK$203,000,000) is recognised in profit or loss during the year ended 31 December 2020.

The directors of the Company have reviewed the carrying amount of the loan receivable from associates of HK$865,231,000 (2019: HK$935,313,000) and amounts due from associates of HK$26,289,000 (2019: nil) as at 31 December 2020 and considered that these amounts are fully recoverable.

19. STOCK OF PROPERTIES

	2020 HK$'000	2019 HK$'000
Properties under development	**935,818**	866,726

As at 31 December 2020, properties under development of HK$935,818,000 (2019: HK$866,726,000) 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
Currency realignment	24,325
As at 31 December 2020	402,858

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 2020 and 2019.

20. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 HK$'000	2019 HK$'000
Trade receivables from property management and property investment business	**4,610**	2,530
Trade receivables from financing services	**13,714**	12,887
	18,324	15,417
Less: allowance for credit loss	**(13,714)**	(8,132)
Total trade receivables	**4,610**	7,285
Interest receivables from bank deposits	**90,643**	48,488
Other receivables, deposits and prepayments	**27,057**	37,250
	122,310	93,023

As at 1 January 2019, the carrying amount of trade receivables is HK$29,790,000.

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

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 allowance for credit loss:

	2020	2019
	HK$'000	*HK$'000*
Aged:		
0 to 60 days	**3,683**	1,958
61 to 180 days	**546**	137
Over 181 days	**381**	435
	4,610	2,530

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 allowance for credit loss:

	2020	2019
	HK$'000	*HK$'000*
Aged:		
Over 360 days	**–**	4,755

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 2020, trade receivables from property management and property investment of HK$927,000 (2019: HK$222,000) are past due. As at 31 December 2019, trade receivables from financing services of HK$4,755,000 are past due.

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$13,714,000 (2019: HK$12,887,000) as at 31 December 2020. As at 31 December 2019, the directors of the Company did not consider this balance as in default in view of the continuous discussion and assessment of this debtor. As at 31 December 2020, the directors of the Company consider this balance as in default and credit-impaired in view of significant financial difficulty and suspension of the operation of the customer and no settlement arrangement could be made in current period after discussion with this debtor. Thus, the management of the Group considered a full impairment on the gross carrying amount of this debtor as at 31 December 2020. The management of the Group estimated a loss rate of 63.1% over the gross carrying amount of this debtor with the impairment loss allowance of HK$8,132,000 as at 31 December 2019.

The Group applies simplified approach to provide for ECL prescribed by HKFRS 9. Details of the ECL of trade receivables were disclosed in note 33.

21. LOANS RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Factoring loans receivables with recourse (note (i))	**92,883**	113,406
Other loans receivables (note (ii))	**310,603**	308,437
	403,486	421,843
Less: allowance for credit loss	**(13,106)**	(2,768)
Total	**390,380**	419,075
For the purpose of financial reporting, the loans receivables analysed as follows:		
Non-current	**268,779**	—
Current	**121,601**	419,075
Total	**390,380**	419,075

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 is 5.5% (2019: range from 5.7% to 7.6%) per annum as at 31 December 2020. 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 2020 and 2019, none of factoring loans receivables is past due or credit-impaired.

(ii) Other loans receivables to independent third parties are unsecured and carried interest rate ranged from 4.9% to 6.0% (2019: 4.0% to 6.5%) per annum.

As at 31 December 2020 and 2019, none of the other loan receivables is past due or credit-impaired.

Details of ECL on loans receivables are set out in note 33.

22. FINANCE LEASE RECEIVABLES

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

	Minimum lease payments 2020 *HK$'000*	**Present value of minimum lease payments 2020 *HK$'000***	Minimum lease payments 2019 *HK$'000*	Present value of minimum lease payments 2019 *HK$'000*
Finance lease receivables comprise:				
Within one year	**9,248**	**8,186**	5,597	5,182
In the second year	**770**	**766**	446	423
In the third year	**2**	**1**	79	72
In the fourth year	**—**	**—**	34	33
Gross investment in the lease	**10,020**	**8,953**	6,156	5,710
Less: Unearned finance income	**(1,067)**	**N/A**	(446)	N/A
Present value of lease obligations	**8,953**	**8,953**	5,710	5,710
Less: Impairment loss allowance	**(5,202)**	**(5,202)**	(3,733)	(3,733)
	3,751		1,977	
Less: Amounts receivable within one year (shown as current assets)		**(2,984)**		(1,561)
Amount receivable after one year (shown as non-current assets)		**767**		416

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 2020 range from 5.5% to 10.0% (2019: 9.2% to 12.8%) per annum.

During the year ended 31 December 2020, the Group subleased certain areas of the remaining lease team of the head lease in Hong Kong and the carrying amount of finance lease receivables in respect of this sublease is HK$3,751,000 (2019: nil).

As at 31 December 2019, finance lease receivables of HK$1,977,000 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.

22. FINANCE LEASE RECEIVABLES (Continued)

As at 31 December 2019, the finance lease receivables are secured over the leased assets, mainly machinery. 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.

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$3,751,000 (2019: HK$572,000) at 31 December 2020 are neither past due nor impaired.

As at 31 December 2019, the directors of the Company do not consider finance lease receivables of gross carrying amount of HK$5,362,000 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. As at 31 December 2020, the directors of the Company consider this balance of gross carrying amount of HK$5,202,000 as in default and credit-impaired in view of no settlement arrangement could be made in current period and the Group has taken legal action against the debtor to recover the amount.

Details of ECL on finance lease receivables are set out in note 33.

23. OTHER FINANCIAL ASSETS AT FVTPL

	2020 HK$'000	2019 HK$'000
Other financial assets at FVTPL		
- Equity securities listed in Hong Kong	**7,239**	15,035
- Equity securities listed in the overseas	**–**	8,833
- Equity securities listed in the PRC	**22,424**	43,152
- Investments in Redeemable Preference Shares (note i)	**–**	581,489
- Investments in redeemable convertible preference shares of an entity (note ii)	**68,135**	111,607
- Senior notes listed in Hong Kong	**22,833**	14,352
- Senior notes listed overseas	**–**	33,647
- Coupon notes linked with listed equity securities	**–**	53,129
- Unlisted fund investments in the PRC (note iii)	**215,270**	97,316
- Unlisted fund investments overseas	**108,152**	121,834
	444,053	1,080,394
Non-current	**88,406**	693,096
Current	**355,647**	387,298
	444,053	1,080,394

23. OTHER FINANCIAL ASSETS AT FVTPL (Continued)

Notes:

(i) The Group has Redeemable Preference Shares, as disclosed in note 16, of RMB480,000,000 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. 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.

During the year ended 31 December 2020, ZhongAn International exercise its rights to redeem all remaining Redeemable Preference Shares of the Group at consideration of RMB511,894,000 (approximately of HK$578,025,000). The Group has no investments in Redeemable Preference Shares as at 31 December 2020.

(ii) In previous years, 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.

During the year ended 31 December 2020, the Group disposed half of the subscribed redeemable convertible preference shares in MMT E Buy to the controlling shareholder of MMT E Buy at a consideration of HK$63,197,000. The Group has also entered into a borrowing agreement with the controlling shareholder of MMT E Buy for RMB57,370,000. The Group would transfer the remaining redeemable convertible preference shares as repayment when the agreement matures within one year. Details of the other borrowing are stated in note 28. As the management of the Group expected that this investment will be disposed within 12 months from the end of the reporting period and thus this investment is reclassified from non-current assets to current assets as at 31 December 2020.

(iii) The Group has committed to invest RMB150,000,000 for establishment of investment fund during the year ended 31 December 2019. Details of the term are disclosed in announcement of the Company dated 20 December 2019. During the year ended 31 December 2020, the Group invested RMB75,000,000 (approximately HK$82,147,000) in that investment fund. As at 31 December 2020, the management of the Group expected that this investment with carrying amount of HK$88,406,000 as at 31 December 2020 will not be disposed within 12 months from the end of the reporting period and thus this investment is classified as non-current assets as at 31 December 2020.

Details of the fair value estimation on other financial assets at FVTPL are set out in note 33.

24. BANK DEPOSITS, PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Bank deposits classified as non-current assets are deposits with banks with a maturity period of more than twelve months at the date of inception and will mature after 12 months from the end of the reporting period and are therefore classified as non-current assets as at 31 December 2020 and 2019. The deposits carry interest at prevailing market rate 3.85% (2019: 3.85%) per annum.

Bank deposits classified as current assets/pledged bank deposits/cash and cash equivalents

	2020	2019
	HK$'000	*HK$'000*
Cash and cash equivalents consist of:		
Bank balances and cash	**1,009,530**	1,156,382
Deposits in the brokers' house that can be withdrawn anytime with no penalty	**266,107**	307,570
Total	**1,275,637**	1,463,952

Bank deposits classified as current assets are deposits with banks that will mature within 12 months from the end of the reporting period and are therefore classified as current assets as at 31 December 2020 and 2019. The deposits carry interest at prevailing market rate ranging from 3.08% to 3.85% (2019: ranging from 3.58% to 3.85%) 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 placed pledged bank deposits of HK$758,929,000 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. As at 31 December 2020, there are pledged bank deposits of HK$845,606,000 to secure borrowings that are scheduled to be repaid within one year, thus these pledged bank deposits are classified as current assets as at 31 December 2020.

Bank balances and pledged bank deposits carry interest at prevailing market rates which range from 0.00% to 4.18% (2019: 0.00% to 4.18%) per annum at 31 December 2020.

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.

24. BANK DEPOSITS, PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS (Continued)

At the end of the reporting period, the Group has the following pledged bank deposits, bank deposits and cash and cash equivalents denominated in foreign currencies of the relevant group entities:

	2020	2019
	HK$'000	*HK$'000*
United States Dollars ("USD")	**21,244**	6,111
HK$	**3,320**	34,310
RMB	**2,638**	2,800

For 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 2020 and 2019.

25. 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 2020

Principal amount	**Maturity**	**Annual coupon rate**	**Note**
RMB315,000,000	February 2021 to March 2021	from 1.10% to 5.35%	(ii)
RMB10,000,000	March 2021	from 1.50% to 3.50%	(iii)
RMB5,000,000	January 2021	from 1.50% to 3.15%	(iv)
RMB30,000,000	January 2021	from 1.50% to 3.15%	(v)

At 31 December 2019

Principal amount	**Maturity**	**Annual coupon rate**	**Note**
RMB366,000,000	February 2020 to July 2020	from 0.3% to 4.05%	(i)

25. STRUCTURED DEPOSITS (Continued)

Notes:

(i) The annual interest rate is dependent on whether 3 month or 6 month London Inter Bank Offered Rate for deposits in USD falls within ranges as specified in the relevant deposit placements during the period from inception date to maturity date of the relevant agreements.

(ii) The annual interest rate is dependent on whether exchange rate between Euro and USD is higher than that as specified in the relevant deposit placements during the period from inception date to maturity date of the relevant agreements.

(iii) The annual interest rate is dependent on whether exchange rate between Australian Dollar and USD is higher than that as specified in the relevant deposit placements during the period from inception date to maturity date of the relevant agreements.

(iv) The annual interest rate is dependent on whether exchange rate between Canadian Dollar and USD is higher than that as specified in the relevant deposit placements during the period from inception date to maturity date of the relevant agreements.

(v) The annual interest rate is dependent on whether exchange rate between Japanese Yen and USD is higher than that as specified in the relevant deposit placements during the period 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 33.

26. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**33,938**	35,054
Other payables for construction work	**194,439**	188,204
Deposits received for rental	**37,125**	29,802
Advance lease payments	**17,808**	22,929
Deposits received for management fee	**53,687**	53,384
Other tax payables	**17,504**	17,506
Salaries payable and staff welfare payables	**57,232**	58,677
Other payables and accrued charges	**57,182**	47,801
	468,915	453,357

26. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES (Continued)

The following is an aged analysis of trade payables, based on the invoice date, at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**5,598**	5,288
91 to 180 days	**1,175**	3,030
181 to 360 days	**119**	154
Over 360 days	**27,046**	26,582
	33,938	35,054

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$47,400,000 (2019: HK$47,409,000), HK$11,183,000 (2019: HK$10,509,000) and HK$135,856,000 (2019: HK$130,286,000) respectively which are included in other payables for construction work respectively.

27. CONTRACT LIABILITIES

	2020	2019
	HK$'000	*HK$'000*
Property management	**3,944**	3,364
Others	**6,298**	7,355
	10,242	10,719

As at 1 January 2019, the carrying amount of contract liabilities is HK$10,865,000.

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.

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	2020	2019
	HK$'000	*HK$'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**10,719**	10,865

28. BORROWINGS

	2020	2019
	HK$'000	HK$'000
Bank borrowings - secured	**685,000**	797,586
Other borrowings - unsecured	**68,135**	—
	753,135	797,586

	Other borrowings	Bank borrowings	
	2020	2020	2019
	HK$'000	HK$'000	HK$'000
Carrying amounts repayable based on a schedule repayment term:			
Within one year	**68,135**	**685,000**	112,167
More than one year but not exceeding two years	**—**	**—**	685,167
More than two years but not exceeding five years	**—**	**—**	252
	68,135	**685,000**	797,586
Less: Amount classified as current liabilities	**(68,135)**	**(685,000)**	(112,167)
Amount due after one year and classified as non-current liabilities	**—**	**—**	685,419

At 31 December 2019, bank borrowings of HK$112,586,000 carried at fixed interest rate. At 31 December 2020, bank borrowings of HK$685,000,000 (2019: HK$685,000,000) carried interest at benchmark interest rate as stipulated by Hong Kong Interbank Offered Rate plus a certain percentage.

The other borrowings of RMB57,370,000 (equivalent to HK$68,135,000) as at 31 December 2020 represented an unsecured borrowing from controlling shareholder of MMT E Buy with no interest-bearing and repayable within one year. Details of the arrangmenet are stated in note 23(ii).

The interest rates as at the end of the reporting period for the loans range from 0% to 1.96% (2019: 2.68% to 4.41%) per annum.

29. LEASE LIABILITIES

	2020	2019
	HK$'000	*HK$'000*
Lease liabilities payable:		
Within one year	**9,358**	8,895
Within a period of more than one year but not more than two years	**2,391**	8,989
Within a period of more than two year but not more than five years	**–**	2,297
	11,749	20,181
Less: Amount due for settlement with 12 months shown under current liabilities	**(9,358)**	(8,895)
Amount due for settlement after 12 months shown under non-current liabilities	**2,391**	11,286

Lease obligations are denominated in the respective functional currencies of group entities.

The weighted average incremental borrowing rates applied to lease liabilities range from 4.35% to 5.5% (2019: 4.35% to 5.5%).

30. DEFERRED TAX ASSETS/LIABILITIES

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2020	2019
	HK$'000	*HK$'000*
Deferred tax assets	**6,870**	3,191
Deferred tax liabilities	**(999,523)**	(841,148)
	(992,653)	(837,957)

30. 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 2019	(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)
Currency realignment	(22,146)	(33,737)	(1,386)	389	(2,171)	(59,051)
Credit (charge) to profit or loss	6,468	–	(12,291)	3,290	(4,499)	(7,032)
Charge to other comprehensive income	–	(88,613)	–	–	–	(88,613)
At 31 December 2020	(367,052)	(571,284)	(24,586)	6,870	(36,601)	(992,653)

At the end of the reporting period, the Group has estimated unused tax losses of HK$88,568,000 (2019: HK$87,360,000) 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$1,193,190,000 (2019: HK$882,378,000). 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$1,644,685,000 (2019: HK$1,641,947,000) 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.

31. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Shares of HK$0.10 each		
Authorised:		
At 1 January 2019, 31 December 2019 and 31 December 2020	6,000,000,000	600,000
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 31 December 2020	3,541,112,832	354,111

There was no movement in the Company's share capital for both years.

32. 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 balances. 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 28, 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.

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2020	2019
	HK$'000	*HK$'000*
Financial assets		
Financial assets at FVTPL	**905,206**	1,567,579
Financial assets at amortised cost	**2,830,673**	2,801,913
Equity instruments at FVTOCI	**2,528,880**	1,994,592
Financial liabilities		
Amortised cost	**1,119,268**	1,138,265

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, 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.

33. 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:

	2020	2019
	HK$'000	*HK$'000*
Cash and cash equivalents denominated in:		
USD against RMB as functional currency	**17,052**	1,341
USD against HK$ as functional currency	**4,192**	4,770
HK$ against RMB as functional currency	**3,320**	34,310
RMB against HK$ as functional currency	**2,638**	2,800
Loan receivable from associates denominated in USD against RMB as functional currency	**7,311**	78,703
Amounts due from associates denominated in USD against RMB as functional currency	**26,289**	–
Financial assets at FVTOCI denominated in:		
USD against HK$ as functional currency	**147,661**	71,915
Other financial assets at FVTPL denominated in:		
USD against HK$ as functional currency	**130,985**	149,006
HK$ against RMB as functional currency	**7,239**	11,655

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 2020 would increase/decrease by HK$2,394,000 (2019: HK$4,830,000). This is mainly attributable to the Group's exposure to foreign currency exchange rate on the cash and cash equivalents, loan receivable from associates and amounts due 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.

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

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 convertible preference shares of an entity, finance lease receivables and lease liabilities as at 31 December 2020 and 2019, amounts due from associates as at 31 December 2020 and Redeemable Preference Shares and bank borrowings as at 31 December 2019. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, bank balances, pledged bank deposits and bank borrowings as at 31 December 2020 and 2019.

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:

	2020	2019
	HK$'000	*HK$'000*
Interest revenue:		
- Financial assets at amortised costs	**22,210**	29,921
Other income:		
- Financial assets at amortised costs	**70,450**	76,216
Total interest income	**92,660**	106,137

Total interest expenses from financial liabilities that are not measured at FVTPL is as follows:

	2020	2019
	HK$'000	*HK$'000*
Interest expenses:		
- Financial liabilities at amortised costs	**30,686**	34,339
- Lease liabilities	**890**	439
	31,576	34,778

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

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 2020 would increase/decrease by HK$2,569,000 (2019: HK$1,037,000). This is mainly attributable to the Group's exposure to interest rates on variable-rate bank borrowings in the PRC.

Sensitivity analysis on loan receivable from associates and amounts due from associates (2019: loan receivable from associates), redeemable convertible preference shares of an entity and investment in Redeemable Preference Shares as at 31 December 2019 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 and the unlisted funds, 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 price risks.

If the prices of the respective instruments had been 10% higher/lower, loss after taxation for the year ended 31 December 2020 decrease/increase by HK$27,464,000 (2019: HK$9,237,000) as a result of the changes in fair value of respective financial assets and investments revaluation reserve for the year ended 31 December 2020 decrease/increase by HK$189,666,000 (2019: HK$149,594,000) as a result of the change in fair value of equity instruments at FVTOCI.

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

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 37.

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. The trade receivables from property management and property investment business are grouped 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 under ECL model on trade receivables from property management and property investment business collectively and loans receivables, finance lease receivables and trade receivables from financial services are assessed individually as at 31 December 2020 and 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 years ended 31 December 2020 and 2019.

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.

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Bank deposits, including interest receivables, pledged bank deposits and cash and cash equivalents

The credit risk on 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 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.

The Group does not have any significant concentration of credit risk, except from finance lease receivables, 99% (2019: 82%) of which is due to one debtor operating in technology development business (2019: one debtor operating in technology development business), from loans receivables, 83% (2019: 59%) of which is a debtor operating in commercial lending business (2019: commercial factoring). As at 31 December 2019, 65% of trade receivables was 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

33. 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 2020 HK$'000	2019 HK$'000
Financial assets at amortised costs						
Loans receivables (note i)	21	N/A	Low risk	12-month ECL	**5,938**	258,178
			Medium risk	12-month ECL	**397,548**	163,665
Trade receivables (note ii)	20	N/A	N/A	Lifetime ECL (provision matrix)	**4,610**	2,530
			High risk	Lifetime ECL	**–**	12,887
			Loss	Lifetime ECL (Credit impaired)	**13,714**	–
Other receivables and deposits	20	N/A	(note iii)	12-month ECL	**9,005**	16,953
		Aa1 - Baa2 (2019: Aa2 - Baa2)	N/A	12-month ECL	**90,643**	48,488
Bank deposits (non-current)	24	Aa1 - Baa2 (2019: Aa2 - Baa2)	N/A	12-month ECL	**124,449**	54,449
Bank deposits (current)	24	Aa1 - Baa2 (2019: Baa2)	N/A	12-month ECL	**89,911**	12,846
Pledged bank deposits	24	Aa1 - Baa2 (2019: Aa2 - Baa2)	N/A	12-month ECL	**846,038**	778,865
Cash and cash equivalents	24	Aa1 - Baa2 (2019: Aa2 - Baa2)	N/A	12-month ECL	**1,275,637**	1,463,952
Other items						
Finance lease receivables (note iv)	22	N/A	Low risk	Lifetime ECL	**–**	–
			Medium risk	Lifetime ECL	**3,751**	348
			High risk	Lifetime ECL	**–**	5,362
			Loss	Lifetime ECL (Credit impaired)	**5,202**	–
Financial guarantee contracts (note vi)	37	N/A	Low risk	12-month ECL	**9,466**	11,057

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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 1.0% to 3.8% (2019: 0.3% to 1.2%) is applied to the debtors. As at 31 December 2020, the impairment loss allowance on loans receivables is HK$13,106,000 (2019: HK$2,768,000).

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.

(ii) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. ECL of trade receivables from financial services are assessed individually. 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$13,714,000 (2019: HK$12,887,000) as at 31 December 2020.

As at 31 December 2019, the directors of the Company did not consider this balance as in default in view of the continuous discussion and assessment of this debtor. As at 31 December 2020, the directors of the Company consider this balance as in default and credit-impaired in view of significant financial difficulty and suspension of the operation of the customer and no settlement arrangement could be made in current period after discussion with this debtor.

Thus, the management of the Group considered a full impairment on the gross carrying amount of this debtor as at 31 December 2020. The management of the Group estimated a loss rate of 63.1% over the gross carrying amount of this debtor with the impairment loss allowance of HK$8,132,000 as at 31 December 2019. As at 31 December 2020, the impairment loss allowance on trade receivables is HK$13,714,000 (2019: HK$8,132,000).

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

(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 ***HK$'000***	**Not past due/ no fixed repayment terms** ***HK$'000***	**Total** ***HK$'000***
2020			
Other receivables and deposits	—	9,005	9,005

	Past due *HK$'000*	Not past due/ no fixed repayment terms *HK$'000*	Total *HK$'000*
2019			
Other receivables and deposits	—	16,953	16,953

Based on the assessment of the management, the ECL on other receivables and deposits is insignificant.

(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 2.2% to 100% (2019: 2.1% to 69.6%) is applied to the debtors. As at 31 December 2020, the impairment loss allowance on finance lease receivables is HK$5,202,000 (2019: HK$3,733,000).

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$9,466,000 (2019; HK$11,057,000) as at 31 December 2020. 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.

33. 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	Lifetime ECL (not credit-impaired)		Lifetime ECL (credit-impaired)	
	Loans receivables	Finance lease receivables	Trade receivables	Finance lease receivables	Trade receivables
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2019	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)	–	–
As at 31 December 2019	2,768	3,733	8,132	–	–
Changes due to financial instruments recognised as at 1 January:					
- Transfer to credit-impaired	–	(3,733)	(8,132)	3,733	8,132
- Impairment losses reversed	(2,790)	–	–	–	–
- Impairment losses recognised	–	–	–	1,164	4,793
New financial assets originated or purchased	12,466	–	–	–	–
Currency realignment	662	–	–	305	789
At 31 December 2020	13,106	–	–	5,202	13,714

33. 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:

	2020		2019	
	Increase (decrease) in 12-month ECL (not credit-impaired)	**Increase (decrease) in lifetime ECL (credit-impaired)**	Increase (decrease) in 12-month ECL (not credit-impaired)	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$412,558,000 (2019: HK$354,689,000)	**(2,790)**	**–**	(1,932)	–
– finance lease receivables with gross carrying amount of HK$143,836,000	**–**	**–**	–	(1,136)
Advance of:				
– loans receivables with gross carrying amount of HK$373,549,000 (2019: HK$412,558,000)	**12,466**	**–**	2,819	–
Increase of credit risk of				
– finance lease receivables with gross carrying amount of HK$5,202,000 (2019: HK$5,362,000)	**–**	**1,164**	–	3,687
– trade debtor with gross carrying amount of HK$13,714,000 (2019: HK$12,887,000)	**–**	**4,793**	–	8,166

33. 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, 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 31.12.2020
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2020						
Trade payables, deposits received and accrued charges	–	171,694	194,439	–	366,133	366,133
Financial guarantees (Note)	–	9,466	–	–	9,466	–
Borrowings	1.78	1,119	765,443	–	766,562	753,135
Lease liabilities	5.28	848	8,909	2,412	12,169	11,749
		183,127	968,791	2,412	1,154,330	1,131,017

	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

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 37.

33. 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)**
	31.12.2020	31.12.2019		
	HK$'000	*HK$'000*		
Equity securities of an entity listed in Hong Kong classified as equity instruments at FVTOCI	2,334,621	1,884,893	Level 3	Average-price Asian Put Option model (note i)
Unlisted equity securities classified as equity instruments at FVTOCI	194,259	109,699	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	323,422	219,150	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	29,663	67,020	Level 1	Quoted bid prices in an active market
Redeemable Preference Shares classified as financial assets at FVTPL	—	581,489	Level 3	Discounted cash flow based on the estimated future cash flows that are discounted at rate of 5.5% (note ii)
Redeemable convertible preference shares classified as financial assets at FVTPL	68,135	111,607	Level 3	Expected redemption price
Coupon notes linked with listed equity securities classified as financial assets at FVTPL	—	53,129	Level 3	Quoted prices from financial institutions
Investment in listed senior notes	22,833	47,999	Level 2	Recent transaction prices
Structured bank deposits	427,553	408,482	Level 3	Quoted prices from financial institutions
Loan receivable from associates	7,311	78,703	Level 3	Discounted cash flow based on the estimated future cash flows (including the key impact of 2.6% (2019: 3.0%) 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 17.2% (2019: 18.3%) (note iii)
Amounts due from associates	26,289	-	Level 3	

33. 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 H Shares which is subject to lock-up mechanism at fair value included (i) share price of ZhongAn Online H Shares as at 31 December 2020 of HK$36.20 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 key inputs of (i) volatility of warrant of ZhongAn Online H Shares of 70.87% for the tranche with lock-up period of 0.94 years and volatility of ZhongAn Online H Shares of 55.35% for the tranche with lock-up period of 3.95 years; and (ii) expected dividend yield of 0%.

A 5% increase/decrease volatility holding all other variables constant would decrease/increase the fair value on equity securities of ZhongAn Online by HK$51,776,000/HK$29,316,000. A 5% increase in expected dividend yield all other variables constant would increase the fair value on equity securities of ZhongAn Online by HK$67,380,000.

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 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, (ii) volatility of ZhongAn Online H Shares of 50%; and (iii) expected dividend yield of 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. 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. 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.

(ii) As at 31 December 2019, 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.

(iii) 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$12,465,000/HK$7,311,000 (2019: HK$45,801,000/HK$41,932,000) as at 31 December 2020 and amounts due from associates by HK$39,157,000/HK$26,289,000 as at 31 December 2020. 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$7,311,000/HK$11,079,000 (2019: HK$39,041,000/HK$50,127,000) and amounts due from associates by HK$26,289,000/HK$34,344,000 as at 31 December 2020.

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.

33. FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

	Other financial assets at FVTPL	Loan receivable from associates	Amounts due from associates	Financial assets at FVTOCI	Structured bank deposits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2019	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
Purchase	253,813	–	–	–	–	253,813
Disposal/settlement	(946,341)	–	–	–	–	(946,341)
Placement of structured deposits	–	–	–	–	802,025	802,025
Withdrawal of structured deposits	–	–	–	–	(808,774)	(808,774)
Advance to associates	–	–	268,682	–	–	268,682
Share of results of associate	–	(1,310)	–	–	–	(1,310)
Currency realignment	6,990	1,979	–	138,269	25,820	173,058
Fair value change to profit or loss	7,448	(72,061)	(242,393)	–	–	(307,006)
Fair value change to other comprehensive income	–	–	–	311,459	–	311,459
At 31 December 2020	68,135	7,311	26,289	2,334,621	427,553	2,863,909

34. 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	2020	2019
		HK$'000	*HK$'000*
Shanghai Rockefeller	Project management fee income	**26,195**	26,195
ZhongAn International	Interest income from Redeemable Preference Shares	**1,086**	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.

35. 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 2019 and 31 December 2020	114,000,000

As at 31 December 2020, 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 (2019: 114,000,000), representing 3.2% (2019: 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.

36. 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 2020, the Group made contributions to the retirement benefits schemes amounting to HK$8,897,000 (2019: HK$12,145,000).

37. CONTINGENT LIABILITIES

	2020 **HK$'000**	2019 *HK$'000*
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	**9,466**	11,057

Impairment assessment of these guarantees are disclosed in note 33 "Credit risk and impairment assessment" note (vi).

38. COMMITMENTS

Saved as disclosed elsewhere in the consolidated financial statements, the Group has following commitment at the end of the reporting period.

	2020 ***HK$'000***	2019 *HK$'000*
Commitments in respect of properties under development for sale:		
– contracted for but not provided in the consolidated financial statements	**34,930**	40,255
Commitments in respect of establishment of investment fund (note)	**89,074**	167,411

Note: Details of the term are disclosed in announcement of the Company dated 20 December 2019.

39. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group has lease payments receivable on leases are as follows:

	2020	2019
	HK$'000	*HK$'000*
Within one year	**145,581**	149,281
In the second year	**107,744**	97,050
In the third year	**75,394**	69,825
In the fourth year	**56,892**	29,372
In the fifth year	**48,499**	67,861
After five years	**154,243**	163,456
	588,353	576,845

The properties held have committed tenants for periods up to tenth years (2019: eleven years) after the end of the reporting period.

40. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

At 31 December 2020, pledged bank deposits of HK$846,038,000 (2019: HK$778,865,000), were pledged to banks to secure general banking facilities granted to the Group. As at 31 December 2019, structured deposits of HK$123,884,000 and investment properties with an aggregate carrying amount of HK$517,817,000 were pledged to banks to secure general banking facilities granted to the Group. During the year ended 31 December 2020, the pledged structured deposits and investment properties are released.

Restrictions on assets

In addition, lease liabilities of HK$11,749,000 (2019: HK$20,181,000) are recognised with related right-of-use assets of HK$8,088,000 (2019: HK$20,076,000) as at 31 December 2020. 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.

41. 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	**Borrowings**	**Lease liabilities**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2019	—	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
Financing cash flow	—	(73,507)	(10,049)	(83,556)
Interest expenses	—	29,051	890	29,941
New leases entered/leases modified	—	—	715	715
Currency realignment	—	5	12	17
As at 31 December 2020	—	753,135	11,749	764,884

42. 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$715,000 (2019: HK$19,762,000) of right-of-use assets and HK$715,000 (2019: HK$19,762,000) of lease liability.

During the year ended 31 December 2020, the Group has entered into a sublease. The Group recognised finance lease receivables of HK$4,435,000 of and derecognised right-of-use assets of HK$4,480,000.

43. LIST OF SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2020 and 2019 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		
			2020	2019	**2020**	2019	
AA Investment Management Limited# 安安投資管理有限公司	Hong Kong	HK$100,000	**100%**	–	**–**	–	Provision for investment services
AA Services (Hong Kong) Limited 安安服務（香港）有限公司	Hong Kong	HK$100,000	**100%**	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	USD1	**100%**	100%	**–**	–	Investment holding
Firstline Investment Limited	BVI	USD1	**–**	–	**100%**	100%	Investment holding
Global Mark Investments Limited	BVI	USD1	**–**	–	**100%**	100%	Investment holding
Hu Qiu Investments Management Limited	BVI	USD100	**–**	–	**60%**	60%	Investment holding
Knatwood Limited	BVI	USD1	**–**	–	**100%**	100%	Investment holding
Link Capital Investments Limited	BVI	USD50,000	**–**	–	**100%**	100%	Investment holding
Mei Long Investments Limited	Hong Kong	HK$1	**–**	–	**100%**	100%	Investment holding
Moreluck Enterprises Limited	BVI	USD1	**100%**	100%	**–**	–	Investment holding
Ocean Diamond Limited	BVI	USD50,000	**–**	–	**100%**	100%	Investment holding
Ocean Hill Investments Limited	BVI	USD1	**–**	–	**100%**	100%	Investment holding
Real Achieve Limited	BVI	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
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

43. 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				Principal activities
			Directly		Indirectly		
			2020	2019	2020	2019	
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
Shenzhen Mangrove West Coast Property Development Co., Ltd. ("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	USD2	100%	100%	–	–	Investment holding
Sinolink LPG Development Limited	BVI	USD1	–	–	100%	100%	Investment holding
Sinolink Petrochemical Investment Limited	BVI	USD1	–	–	100%	100%	Investment holding
Sinolink Progressive Limited	BVI	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
Sinolink Shanghai Investments Ltd.	BVI	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	USD1	100%	100%	–	–	Investment holding
Timeway Holdings Limited	Hong Kong	HK$10,000	100%	100%	–	–	Investment holding
Winner Idea Limited	BVI	USD1	100%	100%	–	–	Investment holding

43. 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				Principal activities
			Directly		Indirectly		
			2020	2019	2020	2019	
AA Finance (Hong Kong) Limited* 安安金融（香港）有限公司	Hong Kong	HK$1,000,000	–	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 was newly incorporated/established during the year ended 31 December 2020.

* This subsidiary was disposed during the year ended 31 December 2020.

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.

43. 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 2020	2019	Profit (loss) allocated to non-controlling interests 2020	2019	Accumulated non-controlling interests 2020	2019
				HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Sinolink Properties and its subsidiaries (note)	Hong Kong/PRC	**20%**	20%	**30,010**	36,794	**1,040,006**	942,022
Cnhooray Internet	PRC	**20%**	20%	**990**	598	**444,465**	369,590
Individual immaterial subsidiaries with non-controlling interests				**(3)**	(4)	**(8,629)**	(8,626)
				30,997	37,388	**1,475,842**	1,302,986

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 2020 and 2019 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

	2020	2019
	HK$'000	*HK$'000*
Non-current assets	**4,220,392**	3,743,375
Current assets	**2,534,936**	2,464,002
Non-current liabilities	**(380,603)**	(356,895)
Current liabilities	**(1,154,808)**	(1,080,875)
Net assets	**5,219,917**	4,769,607
Equity attributable to owners of the Company	**4,179,911**	3,827,585
Non-controlling interests of Sinolink Properties	**1,040,006**	942,022
Total equity	**5,219,917**	4,769,607

43. LIST OF SUBSIDIARIES (Continued)

Sinolink Properties and its subsidiaries (Continued)

	2020 HK$'000	2019 HK$'000
Revenue	**339,509**	397,603
(Decrease) increase in fair value of investment properties	**(25,872)**	4,545
Other income	**65,207**	92,610
Other gain and loss	**26,376**	13,260
Expenses	**(251,502)**	(304,706)
Profit for the year	**153,718**	203,312
Other comprehensive income (expense) for the year	**279,713**	(101,152)
Total comprehensive income for the year	**433,431**	102,160
Profit for the year attributable to:		
- owners of the Company	**123,708**	166,518
- non-controlling interests of Sinolink Properties	**30,010**	36,794
Profit for the year	**153,718**	203,312
Other comprehensive income (expense) for the year attributable to:		
- owners of the Company	**222,611**	(74,001)
- non-controlling interests of Sinolink Properties	**57,102**	(27,151)
Other comprehensive income (expense) for the year	**279,713**	(101,152)
Total comprehensive income (expenses) for the year attributable to:		
- owners of the Company	**346,319**	92,517
- non-controlling interests of Sinolink Properties	**87,112**	9,643
Total comprehensive income for the year	**433,431**	102,160
Dividends paid	**–**	(340,910)

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.

	2020 HK$'000	2019 HK$'000
Net cash inflow from operating activities	**162,675**	215,847
Net cash outflow from investing activities	**(212,362)**	(69,389)
Net cash outflow from financing activities	**(586)**	(362,518)
Net cash outflow	**(50,273)**	(216,060)

43. LIST OF SUBSIDIARIES (Continued)

Cnhooray Internet

	2020 *HK$'000*	2019 *HK$'000*
Non-current assets	**2,361,866**	1,906,734
Current assets	**540,088**	506,051
Current liabilities	**(119,935)**	(114,234)
Non-current liabilities	**(563,724)**	(450,601)
Net assets	**2,218,295**	1,847,950
Equity attributable to owners of the Company	**1,773,830**	1,478,360
Non-controlling interests of Cnhooray Internet	**444,465**	369,590
Total equity	**2,218,295**	1,847,950
Other income	**4,866**	3,073
Other gain and loss	**1,537**	941
Expenses	**(1,451)**	(1,026)
Profit for the year	**4,952**	2,988
Other comprehensive income for the year	**233,563**	108,911
Total comprehensive income for the year	**238,515**	111,899
Profit for the year attributable to:		
- the owners of Company	**3,962**	2,390
- non-controlling interests of Cnhooray Internet	**990**	598
Profit for the year	**4,952**	2,988
Other comprehensive income for the year attributable to:		
- owners of Company	**186,851**	87,129
- non-controlling interests of Cnhooray Internet	**46,712**	21,782
Other comprehensive income for the year	**233,563**	108,911
Total comprehensive income for the year attributable to:		
- owners of Company	**190,813**	89,519
- non-controlling interests of Cnhooray Internet	**47,702**	22,380
Other comprehensive income for the year	**238,515**	111,899
Dividends paid	**–**	–
Net cash inflow (outflow) from operating activities	**2,624**	(4,382)
Net cash inflow from investing activities	**48,749**	2,936
Net cash (outflow) inflow from financing activities	**(1,540)**	4,906
Net cash inflow	**49,833**	3,460

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 HK$'000	2019 HK$'000
Non-current assets		
Plant and equipment	**7,618**	19,281
Finance lease receivables	**761**	—
Unlisted investments in subsidiaries	**614,684**	615,584
Amount due from subsidiaries	**3,752,065**	3,993,809
Interests in associates	**1,156,647**	505,648
	5,531,775	5,134,322
Current assets		
Other receivables, deposits and prepayments	**16,283**	16,796
Finance lease receivables	**2,943**	—
Bank balances and cash	**20,018**	35,319
Financial assets at FVTPL	**7,329**	593,767
	46,573	645,882
Current liabilities		
Other payables and accrued charges	**1,213**	764
Lease liabilities	**8,886**	8,137
	10,099	8,901
Net current assets	**36,474**	636,981
Total assets less current liabilities	**5,568,249**	5,771,303
Non-current liabilities		
Amounts due to subsidiaries	**2,718,752**	2,878,409
Lease liabilities	**2,297**	11,183
	2,721,049	2,889,592
Net assets	**2,847,200**	2,881,711
Capital and reserves		
Share capital	**354,111**	354,111
Reserves (Note)	**2,493,089**	2,527,600
	2,847,200	2,881,711

44. 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 2019	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
Loss and total comprehensive expense for the year	—	—	—	(34,511)	(34,511)
At 31 December 2020	1,824,979	572,174	79,300	16,636	2,493,089

45. EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement and circular of the Company dated 6 January 2021 and 11 February 2021 respectively, the Company proposed the rights issue of rights shares on the basis of four rights shares for every five existing shares at HK$0.28 per rights share on a non-underwritten basis (the "Rights Issue"). Subject to, among others, increase in authorised share capital becoming effective, the Company will raise funds not more than approximately HK$818.7 million and not less than approximately HK$356.2 million (before deducting expenses) by way of issuance of the rights shares to qualifying shareholders. Under the proposed Rights Issue, not more than 2,924,090,264 rights shares and not less than 1,272,226,600 rights shares will be issued. The proceeds from the Rights Issue after deducting the expenses are estimated to be not more than approximately HK$813.7 million and not less than approximately HK$351.2 million.

The Rights Issue has been approved by shareholders of the Company on the special general meeting held on 8 March 2021. As disclosed in the listing document of the Company dated 19 March 2021, the proceeds from the Rights Issue after deducting the expenses are estimated to be not more than HK$788.2 million and not less than approximately HK$351.2 million.

PARTICULARS OF MAJOR PROPERTIES

AT 31 DECEMBER 2020

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 Shenzhen	Commercial and car parks	20,075	80%

FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2020

	For the year ended 31 December				
	2016	2017	2018	2019	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Turnover	331,867	398,261	528,424	448,908	**384,502**
(Loss) profit before taxation	(142,872)	212,711	(137,209)	(209,999)	**(359,237)**
Taxation	(72,963)	(66,817)	(85,965)	(69,188)	**(62,880)**
(Loss) profit for the year	(215,835)	145,894	(223,174)	(279,187)	**(422,117)**
Attributable to:					
Owners of the Company	(245,527)	110,088	(267,723)	(316,575)	**(453,114)**
Non-controlling interests	29,692	35,806	44,549	37,388	**30,997**
	(215,835)	145,894	(223,174)	(279,187)	**(422,117)**
	HK cents	*HK cents*	*HK cents*	*HK cents*	***HK cents***
(Loss) profit per share					
Basic	(6.93)	3.11	(7.56)	(8.94)	**(12.80)**
Diluted	(6.93)	3.11	(7.56)	(8.94)	**(12.80)**

	As at 31 December				
	2016	2017	2018	2019	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	8,952,010	15,088,273	11,362,432	10,716,927	**11,249,183**
Total liabilities	(1,642,187)	(3,631,356)	(3,074,784)	(2,830,968)	**(3,018,806)**
	7,309,823	11,456,917	8,287,648	7,885,959	**8,230,377**
Equity attributable to owners of the Company	6,300,651	9,624,048	6,944,011	6,582,973	**6,754,535**
Non-controlling interests	1,009,172	1,832,869	1,343,637	1,302,986	**1,475,842**
	7,309,823	11,456,917	8,287,648	7,885,959	**8,230,377**