



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1168



INTERIM
REPORT
2021

* For identification purpose only

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



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FINANCIAL HIGHLIGHTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

- Revenue increased 15% to HK\$213 million
- Gross Profit increased 20% to HK\$133 million
- Loss attributable to owners of the Company decreased 62% to HK\$114 million
- Basic loss per share decreased 69% to HK2.27 cents

MANAGEMENT DISCUSSION AND ANALYSIS

Looking back at the first half of 2021, global economy continued to recover steadily. The pace of recovery was initially driven only by manufacturing and trade, but in the second half of this year, the combined effect of adequate financial support, ongoing progress in vaccination and reopening of the economy may facilitate the involvement of close contact service industries that have been slow to recover. Significant differences in public health have led to varying rates of economic recovery across regions. In the United States, rapid rate and high coverage of vaccination has made large-scale reopening possible. Previously suspended industries such as leisure and hospitality are showing signs of being brought back online. On the other hand, slow vaccination rates and repeated lockdown measures have slowed the recovery in Europe. As a result, Europe is lagging behind the United States in terms of reopening progress. However, as the pace of vaccine rollouts accelerated in the second quarter, a strong economic recovery is likely to take place in the second half of the year. Lastly, China entered and escaped the epidemic crisis earlier than the rest of the world, and it continued to be further along in the recovery process. Therefore, the Chinese government has begun to phase out its fiscal easing policies. As the first country to go through the recession of the COVID-19 pandemic, China may see a slowdown in recovery this year, but the country's economy is expected to achieve a "soft landing" this year.

In the first half of 2021, China's gross domestic product ("GDP") grew 12.7% year-on-year, with a two-year average growth rate of 5.3%. China's economy maintained a stable recovery. Against the backdrop of the weakening of the low base effect, the year-on-year growth rate of real GDP fell from 18.3% in the first quarter to 7.9% in the second quarter. However, in terms of the two-year average annual growth rate, it showed a significant rebound in the second quarter (5.5%) against the first quarter (5.0%), and the economic recovery continued to gain momentum. In addition, the seasonally adjusted quarter-on-quarter GDP growth rate also rebounded from 0.4% in the first quarter to 1.3% in the second quarter, with a light rebound in the marginal growth rate. In terms of absolute value, the nominal GDP in the second quarter of this year was approximately RMB28.3 trillion, a record high of nominal GDP in the second quarter, and a continuation of the growth trend of nominal GDP in the second quarter of 2017-2019. On the whole, the overall economic recovery in the second quarter was better than that in the first quarter of this year.

Overall, China's export trade is the main beneficiary of the impact of the COVID-19 pandemic. With the normalization of China's monetary policy, credit growth will decline. The spillover effect of the global recovery is clearly boosting China's industry, while the consumer sector is still in the recovery phase. Core inflation in China is climbing, but at a moderate pace. China's overall economy has maintained a steady recovery in the first half of the year.

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 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 six months ended 30 June 2021, the Group's revenue was HK\$213.1 million, increasing by 15% as compared to the same period of last year. Gross profit was HK\$133.2 million, increasing by 20% as compared to the same period of last year. The Company recorded loss attributable to the owners of the Company of HK\$114.4 million during the period, decreasing by 62% as compared to the same period of last year. Basic loss per share amounted to HK2.27 cents, decreasing by 69% year-on-year.

PROPERTY RENTAL

For the six months ended 30 June 2021, total rental income amounted to HK\$108.1 million, representing an increase of 41% 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 last year due to rent concession granted to tenants with an aim to help them to overcome the challenging situation, while the rental income gradually recovered during the current period.

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.

During the period, the occupancy rate of the office portion of *Sinolink Tower* was approximately 60%. 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 period, 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 featured hotels, still experienced a low occupancy rate. 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 30 June 2021, the Group has the following properties under development:

1. *Rockbund*

Located at the Bund in Shanghai, Rockbund is an integrated property project jointly developed by the Group and The Rockefeller Group International, Inc. The project, comprising preserved heritage buildings and some new structures, has a total site area of 18,000 square meters with a GFA of 94,080 square meters. The Group intends to redevelop the historical site and structures into an upscale mixed-use neighborhood with residential, commercial, retail, food and beverages, offices and cultural facilities. The preserved heritage buildings have commenced operation with a portion already leased out. Capital works of the new building structures had been completed with structural works well under way. The entire project is expected to commence operation upon completion of the construction in 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 (ZhongAn International Financial Leasing Co., Ltd.*) and 眾安國際商業保理(天津)有限公司 (ZhongAn 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 six months ended 30 June 2021, the interest income from financing services business amounted to HK\$10.6 million (for the six months ended 30 June 2020: HK\$11.0 million) with effective interest rate of 5.5% per annum (2020: 5.5%). Due to the impacts on various sectors from the outbreak of the COVID-19 pandemic, we made continuous efforts to enhance risk management of the financial leasing and factoring business.

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 favorable 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.

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FINANCIAL SERVICE BUSINESS

AA Investment Management Limited (“AA Investment”) is a wholly-owned subsidiary of the Group. On 27 April 2021, AA Investment became a corporation in Hong Kong licensed by the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) to conduct Type 1 (dealing in securities), Type 4 (advising on securities), and Type 9 (asset management) regulated activities. AA Investment plans to provide retail fund and discretionary account management services to the public through mobile phones.

Since early June, AA Investment has successfully promoted this discretionary service to our customers under the service brand “IPOGo” and through our mobile application platform. In less than two months, we have received 2,500 account opening applications from customers. Retail fund transactions will be the next investment service that the Company hopes to provide in the future, hoping to promote the steady growth of the Group’s overall business.

During the period, the Company did not record any income from AA Investment as it was at its initial stage of operation.

OTHER BUSINESSES

Other businesses within the Group include property, facility and project management services. For the six months ended 30 June 2021, the Group recorded a revenue of HK\$94.4 million from other businesses, representing a year-over-year increase of 4%.

JOINT VENTURE – ZHONGAN INTERNATIONAL

The Company entered into the joint venture agreement with ZhongAn Information and Technology Services Co., Ltd. (“ZhongAn Technology”), a wholly-owned subsidiary of ZhongAn Online, pursuant to which the Company and ZhongAn Technology agreed to jointly invest in ZhongAn International to enable the Company to partner with ZhongAn Technology to explore international business development, collaboration and investment opportunities in the areas of Fintech and Insurtech in overseas markets. Pursuant to the Joint Venture Agreement, the Company and ZhongAn Technology owns 49% and 51% of the voting interests in ZhongAn International, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

On 29 April 2021, the Company entered into the subscription agreement with ZhongAn Technology and ZhongAn International, pursuant to which the Company conditionally agreed to subscribe for, and ZhongAn International conditionally agreed to allot and issue, an aggregate of 500,000,000 new redeemable preference shares of ZhongAn International for a total subscription price of RMB500,000,000 in cash (“Subscription Agreement”). Details of which are set out in the circular dated 9 August 2021.

The Subscription Agreement have completed on 3 May 2021. ZhongAn International have the right to redeem from the Group all or any portion of redeemable preference shares within 5 years from the date of the issuance of redeemable preference shares (whose term shall be renewed automatically every 5 years, subject to any veto by any of the Group or ZhongAn Technology) at the amount of the redeemable preference shares attributable to the Group plus an interest rate of 5.5% per annum on the price redeemed calculated from the date of the relevant contribution by the Group on pro-rata basis. The Group did not have any voting rights from redeemable preference shares and did not have any right to receive dividend from ZhongAn International. In the event of a return of capital, liquidation, dissolution or winding-up of ZhongAn International, the Group shall be entitled to receive in cash, the amount of contribution attributable to the then issued redeemable preference shares and the amount of revenue as of the day on which any of the above incidents happens. As the rights and obligations of the ownership over redeemable preference shares are different from the ownership of ordinary shares of ZhongAn International, the Group’s investment in redeemable preference shares is accounted for in accordance with HKFRS 9 and measured at FVTPL.

Upon completion, the voting interests held by the Company and ZhongAn Technology in the joint venture shall remain 49% and 51%, respectively.

Business Review and Outlook

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

Through provision of additional funds to ZhongAn International, it will continue to establish and improve its target-oriented team management system and cultivate key talents. In addition, ZhongAn International will continue to leverage on the advantage of Hong Kong as an international city to establish a stronghold in Hong Kong. While making strenuous efforts to exploit markets in Hong Kong, Japan and Southeast Asia, the Company trusts that ZhongAn International will explore business opportunities in other countries and regions across the globe, seek for more ecosystem partners and continue to export Insurtech solutions and provide integrated financial services.

For the six months ended 30 June 2021, the Group's share of loss of ZhongAn International was HK\$156.4 million (for the six months ended 30 June 2020: loss of HK\$99.5 million), which was mainly attributable to the staff costs incurred by ZhongAn International.

ZA Bank Limited ("ZA Bank")

ZhongAn International actively participates in Fintech innovation in Hong Kong and ZA Bank became one of the first banks in Hong Kong to be granted a virtual banking license on 27 March 2019. 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. As of 30 June 2021, the amount of deposits grew 2 times year-on-year to HK\$7.6 billion; and the amount of loans jumped 20 times to HK\$1.3 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

In March 2021, the number of users of ZA Bank exceeded 300,000. Within one year of its official opening, ZA Bank has grown from the first virtual bank in Hong Kong to the top virtual bank in Hong Kong with its leading user base and volume of personal deposits and loan.

In January 2021, ZA Bank announced that it was granted an insurance agency license by the Hong Kong Insurance Authority (“IA”) and became an agent of ZA Life Limited, a fully digital insurance company under ZhongAn International. ZA Bank is the first virtual bank in Hong Kong that acts as an agent for virtual insurance company products, creating an extremely smooth user experience in insurance. In May 2021, ZA Bank officially partnered with ZA Life Limited to provide users with the pure life protection products through ZA Bank App, as well as other protection insurance products.

In March 2021, ZA Bank officially launched commercial banking business to help small and medium-sized enterprises in different industries explore business opportunities through commercial revolving loan products and convenient and personalized banking services. With the official opening of the commercial bank, ZA Bank will further expand its business footprint and provide users with a full range of services.

ZA Life Limited (“ZA Life”)

In May 2020, 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. Under the business name of ZA Insure, following the launch of 4 protection insurance products at affordable prices — including Life Protection, Cancer Protection, Heart Attack & Stroke Protection and Accident Insurance, ZA Life also launched ZA VHIS at a transparent and affordable price based on user needs to provide them with more comprehensive basic medical protection.

ZA Tech Global Limited (“ZA Tech”)

ZhongAn International, in collaboration with SoftBank Vision Fund, established ZA Tech to export the cutting-edge technology solution of ZhongAn to overseas market. While redefining the insurance sector through technology, ZA Tech focuses on providing innovative technologies and solutions to insurance companies, and developing integrated insurance and financial solutions for the internet platforms.

ZA Tech has made outstanding achievements in the field of Insurtech innovation in many Asian markets, with footprints in Japan, Singapore, Malaysia and Indonesia etc., and has further expanded to Vietnam, Thailand and the Philippines. With cutting-edge solutions, extensive industry knowledge and accumulated experience in Asia, ZA Tech has become the best technology partner for insurance companies and Internet companies to assist them in digital transformation and innovative growth.

ZA Tech has reached cooperation with companies such as Grab Holdings Inc., a leading platform in Southeast Asia, and OVO, a leading E-wallet platform in Indonesia. In addition, ZA Tech announced in December 2020 that it has become a regional technology partner with AIA Group to help AIA accelerate digitalization, reach new customer groups, and fill users' protection needs by providing innovative insurance products and connecting partners. In March 2021, ZA Tech partnered with PFI Mega Life (PML), a joint venture company operated by Prudential Financial Inc. in Indonesia, to leverage ZA Tech's technological expertise to jointly create insurance products and digital solutions and drive digital transformation of the local insurance industry.

MAJOR ASSOCIATE – ROCKEFELLER GROUP ASIA PACIFIC, INC.

For the six months ended 30 June 2021, the Group recorded share of loss of a major associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), of HK\$4.9 million (six months ended 30 June 2020: loss of HK\$120.1 million), in respect of the *Rockbund* project, which was mainly due to the net exchange gain and decrease in fair value loss of investment properties.

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 considered that the investment is a long-term investment, which should be classified into a non-current asset accordingly.

According to HKFRS 9, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2021, 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 market interest rate. The fair value loss was HK\$89.4 million (six months ended 30 June 2020: HK\$97.53 million) during the six months ended 30 June 2021.

SIGNIFICANT INVESTMENTS

As at 30 June 2021, total equity instruments at fair value through other comprehensive income amounted to HK\$3,160.7 million (31 December 2020: HK\$2,528.9 million), mainly representing that of ZhongAn Online owned by the Group of approximately HK\$2,874.6 million (31 December 2020: HK\$2,334.6 million), which was measured at fair value at the end of this reporting period. As at 30 June 2021, the fair value of ZhongAn Online represented 23% 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.

In 2020, 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 domestic shares of ZhongAn Online.

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

As first Internet insurance technology company in China, ZhongAn Online will continue to embrace the two-winged growth strategy of "Insurance + Technology", pursue the "growth with quality", strengthen brand building, enhance long-term value creation for users through eco-oriented insurance protection services on its own platform, and apply technology development and innovation to the whole insurance process to continuously optimize the efficiency of underwriting operations and user experience. In addition, it will export its Insurtech capabilities to the domestic and foreign markets, and empower all parties involved in the upstream and downstream of the entire insurance industry chain, in order to become the best partner in the digital transformation and upgrade of the global insurance industry.

RIGHTS ISSUE

References are made to the Company's announcement dated 6 January 2021 and circulars dated 11 February 2021 and 19 March 2021. Capitalized terms used in this interim report shall have the same meanings stated in the above announcement and circulars. The Company implemented the Rights Issue on the basis of four Rights Shares for every five (5) ordinary shares in issue at the Subscription Price of HK\$0.28 per Rights Share to raise up to approximately HK\$793.2 million by way of issuing up to 2,832,890,264 Rights Shares. The reasons for the Rights Issue were to prepare (i) for further investment into the Fintech business through ZhongAn International, (ii) to reduce the debt level of, and (iii) as additional working capital for the Group.

The Subscription Price of HK\$0.28 per Rights Share represented (i) discount of 42.86% to the closing price of HK\$0.49 per Share on 5 January 2021 being the last full trading day for the Shares before the release of joint announcement by the Company dated 6 January 2021 (the "Last Trading Day"); and (ii) a discount of approximately 45.21% to the average of the closing prices per Share as quoted on The Stock Exchange of Hong Kong Limited ("Stock Exchange") for five previous consecutive trading days up to and including the Last Trading Day of HK\$0.51.

The Rights Issue was approved by the shareholders of the Company at the special general meeting on 8 March 2021.

Use of proceeds from the Rights Issue

The Company completed the Rights Issue on 15 April 2021. The Company issued and allotted 2,832,890,264 ordinary shares at HK\$0.28 per Rights Share on the basis of four Rights Shares for every five ordinary shares held in issue with an aggregate nominal value of HK\$283,289,026.40. The net proceeds from the Rights Issue (after deducting expenses) are approximately HK\$788.2 million.

As of 30 June 2021, the intended use and actual use of the net proceeds from the Rights Issue, as well as the unutilized net proceeds therefrom are as follows:

	Intended use of proceeds from the Rights Issue HK\$' million	Actual use of net proceeds as at 30 June 2021 HK\$' million	Unutilized net proceeds as at 30 June 2021 HK\$' million
Repayment of external debts	118.2	–	118.2
Further investment into the Fintech business of the Group	591.2	591.2	–
General working capital	78.8	11.6	67.2
Total	<u>788.2</u>	<u>602.8</u>	<u>185.4</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The unutilized net proceeds from the Rights Issue will be used according to the intended use within one year as disclosed in the circular of the Company dated 11 February 2021.

PROSPECTS

Looking forward to the second half of 2021, bottlenecks in the global supply chain and the continued spread of the epidemic will cast a shadow over the recovery of the global economy. The Federal Reserve and the Biden administration also pointed out that they will continue to adhere to accommodative economic policy, including maintaining near-zero interest rates and expansionary fiscal policies, so as to consolidate the recovery momentum of the US economy in the second half of 2021.

In China, some short-term negative factors will lead to a slowdown in economic expansion, but the general trend of upward recovery in the second half of the year will remain unchanged. Firstly, while the flood disaster in some areas will only have a short-term impact, subsequent post-disaster reconstruction can increase part of the demand. Secondly, from the Politburo meeting on 30 July, it was emphasized that the fiscal policy will form a physical workload at the end of this year and the beginning of next year, and the pace of fiscal expenditure is expected to accelerate subsequent months. Thirdly, the Politburo meeting stressed the correction of the campaign-style “carbon reduction” and creating a new model before abandoning the old model. It is expected to bring about changes amidst the downturn in the mining industry in the second quarter, to alleviate the pressure of rising commodity prices in the second half of the year. Lastly, the Politburo meeting emphasized that a sound monetary policy should be in place to help small and medium-sized enterprises and industries in distress continue to recover, and it is expected that the second half of the year will soon see an accommodative credit environment for small and medium-sized enterprises, and the financing difficulties of small and medium-sized enterprises may be alleviated to a certain extent. Under this macroeconomic trend, the Group will continue to take advantage of the economic changes and make corresponding adjustments to its development and operating strategies.

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.

FINANCIAL REVIEW

The Group's total borrowings was HK\$753.1 million as at 30 June 2021 (31 December 2020: HK\$753.1 million). As at 30 June 2021, the Group's gearing ratio, calculated on the basis of total borrowings over shareholders' equity, was 9.5% as compared with 11.2% as at 31 December 2020. The Group remained financially strong with a net cash position.

At 30 June 2021, HK\$859,212,000 (31 December 2020: HK\$846,038,000) were pledged to banks to secure general banking facilities granted to the Group. The borrowings of the Group is 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\$2,969.4 million (including structured deposits, bank deposits, pledged bank deposits, and cash and cash equivalents) as at 30 June 2021, mostly denominated in RMB, HK\$ and USD.

CAPITAL COMMITMENTS

As at 30 June 2021, the Group had commitments of HK\$32.1 million in respect of properties under development and HK\$90.1 million in respect of establishment of investment fund.

CONTINGENT LIABILITIES

As at 30 June 2021, guarantees offered to banks as security for the mortgage loans arranged for the Group's property buyers amounted to HK\$9.0 million.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2021, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 June 2021 is presented as follows:

	<i>HK\$'000</i>
Non-current assets	6,176,351
Current assets	1,545,510
Current liabilities	(841,469)
Non-current liabilities	<u>(8,835,014)</u>
Net Liabilities	<u><u>(1,954,622)</u></u>

The Group's attributable interest in the associated companies as at 30 June 2021 comprised net liabilities of HK\$1,007,589,000.

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 30 June 2021.

INTERIM DIVIDEND

In order to retain resources for the Group's business development, the Board does not declare an interim dividend for the six months ended 30 June 2021 (2020: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group employed approximately 683 full time employees for its principal activities. The Group recognizes 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 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 share option scheme adopted by the Group.

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 period ended 30 June 2021.

CORPORATE GOVERNANCE

During the period, the Company has complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) of the Stock Exchange 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. During the period, Mr. Xiang Ya Bo has undertaken both the roles of the Chairman of the Board and the Chief Executive Officer of the Group. 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 Group 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules 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 six months ended 30 June 2021, all Directors have complied with the required standard set out in the Model Code.

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 supervising over the Group’s financial reporting processes and internal controls. The Audit Committee comprises three independent non-executive directors. The members of the Audit Committee are Mr. Xin Luo Lin, Dr. Xiang Bing and Mr. Tian Jin. The Audit Committee meets regularly with the Company’s senior management and the Company’s external auditor to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The interim results of the Group for the six months ended 30 June 2021 had not been audited, but had been reviewed by the Company’s external auditor, Deloitte Touche Tohmatsu and the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
SINOLINK WORLDWIDE HOLDINGS LIMITED
XIANG Ya Bo
Chairman and Chief Executive Officer

Hong Kong, 26 August 2021

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2021, 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, to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares or underlying shares of the Company

Name of Directors	Capacity	Interest in shares			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 30.6.2021
		Personal interest	Corporate interest	Family interest				
Chen Wei	Beneficial owner	13,500,000	–	–	13,500,000	3,468,000	16,968,000	0.266%
Ou Yaping	Joint interest and interest of controlled corporation	–	3,152,309,301 (Note)	13,113,738	3,165,423,039	–	3,165,423,039	49.661%
Tang Yui Man Francis	Beneficial owner	21,375,000	–	–	21,375,000	40,460,000	61,835,000	0.970%
Tian Jin	Beneficial owner	–	–	–	–	2,312,000	2,312,000	0.036%
Xiang Bing	Beneficial owner	–	–	–	–	2,312,000	2,312,000	0.036%
Xiang Ya Bo	Beneficial owner	–	–	–	–	40,460,000	40,460,000	0.635%
Xin Luo Lin	Beneficial owner	–	–	–	–	2,312,000	2,312,000	0.036%

Note: These 3,152,309,301 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, 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.

OTHER INFORMATION

Details of the share options granted to the above 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 30 June 2021, none of the Directors or chief executive 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 30 June 2021 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price HK\$	Number of shares subject to outstanding options as at 1.1.2021	Number of shares subject to outstanding options as at 30.6.2021	Approximate percentage of the issued shares of the Company as at 30.6.2021
Chen Wei	15.05.2015	15.11.2015-14.05.2025	1.185	1,500,000	1,734,000	0.027%
		15.05.2016-14.05.2025	1.185	1,500,000	1,734,000	0.027%
Tang Yui Man Francis	15.05.2015	15.11.2015-14.05.2025	1.185	17,500,000	20,230,000	0.317%
		15.05.2016-14.05.2025	1.185	17,500,000	20,230,000	0.317%
Tian Jin	15.05.2015	15.11.2015-14.05.2025	1.185	1,000,000	1,156,000	0.018%
		15.05.2016-14.05.2025	1.185	1,000,000	1,156,000	0.018%
Xiang Bing	15.05.2015	15.11.2015-14.05.2025	1.185	1,000,000	1,156,000	0.018%
		15.05.2016-14.05.2025	1.185	1,000,000	1,156,000	0.018%
Xiang Ya Bo	15.05.2015	15.11.2015-14.05.2025	1.185	17,500,000	20,230,000	0.317%
		15.05.2016-14.05.2025	1.185	17,500,000	20,230,000	0.317%
Xin Luo Lin	15.05.2015	15.11.2015-14.05.2025	1.185	1,000,000	1,156,000	0.018%
		15.05.2016-14.05.2025	1.185	1,000,000	1,156,000	0.018%

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. These options represent personal interest held by the Directors as beneficial owners.
3. The exercise price of the above share options has been adjusted from HK\$1.37 to HK\$1.185 as a result of Rights Issue from 15 April 2021.

Other than the share option scheme of the Company mentioned below, at no time during the period 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.

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

As at the date of this interim report, the Company is not aware of any change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SHARE OPTION SCHEME OF THE COMPANY

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the Board may, at its discretion, offer any employees of the Group or any directors of the Company or any of its subsidiaries options to subscribe for shares of 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 its adoption. Movement of options granted under the 2012 Share Option Scheme were set out below.

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price HK\$	Adjusted exercise price after Rights Issue
				HK\$
2015A Option	15.05.2015	15.11.2015-14.05.2025	1.37	1.185
	15.05.2015	15.05.2016-14.05.2025	1.37	1.185
2015B Option	15.05.2015	15.11.2015-14.05.2025	1.37	1.185
	15.05.2015	15.05.2016-14.05.2025	1.37	1.185
	15.05.2015	15.11.2016-14.05.2025	1.37	1.185

OTHER INFORMATION

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

	Option types	Outstanding at 1.1.2021	Granted during the period	Exercised during the period	Adjusted during the period	Lapsed during the period	Outstanding at 30.6.2021	
<i>Category 1: Directors</i>								
	Chen Wei	2015A Option	3,000,000	-	-	468,000	-	3,468,000
	Tang Yui Man Francis	2015A Option	35,000,000	-	-	5,460,000	-	40,460,000
	Tian Jin	2015A Option	2,000,000	-	-	312,000	-	2,312,000
	Xiang Bing	2015A Option	2,000,000	-	-	312,000	-	2,312,000
	Xiang Ya Bo	2015A Option	35,000,000	-	-	5,460,000	-	40,460,000
	Xin Luo Lin	2015A Option	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>312,000</u>	<u>-</u>	<u>2,312,000</u>
	Total for Directors		<u>79,000,000</u>	<u>-</u>	<u>-</u>	<u>12,324,000</u>	<u>-</u>	<u>91,324,000</u>
<i>Category 2: Employees</i>								
		2015B Option	<u>35,000,000</u>	<u>-</u>	<u>-</u>	<u>5,460,000</u>	<u>-</u>	<u>40,460,000</u>
	Total for employees		<u>35,000,000</u>	<u>-</u>	<u>-</u>	<u>5,460,000</u>	<u>-</u>	<u>40,460,000</u>
	All categories		<u>114,000,000</u>	<u>-</u>	<u>-</u>	<u>17,784,000</u>	<u>-</u>	<u>131,784,000</u>

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. During the period, no options were granted, exercised, lapsed or cancelled under the 2012 Share Option Scheme.
3. The exercise price and the number of shares entitled to be subscribed for under the outstanding share options have been adjusted following the completion of the Rights Issue on 15 April 2021.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

At 30 June 2021, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholder(s) had notified the Company of relevant interests and short positions in the issued shares of the Company:

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 30.6.2021
Asia Pacific (Note 1)	Beneficial owner/ Beneficial interest	3,152,309,301	-	3,152,309,301	49.46%
Fidelity China Special Situations Plc (Note 2)	Beneficial owner	182,294,000	-	182,294,000	5.15%
FIL Limited (Notes 2, 3)	Interest in controlled corporation	182,844,000	-	182,844,000	5.16%
Pandanus Partners L.P. (Note 3)	Interest in controlled corporation	182,844,000	-	182,844,000	5.16%
Pandanus Associates Inc. (Note 3)	Interest in controlled corporations	182,844,000	-	182,844,000	5.16%

Notes: (1) The 3,152,309,301 Shares are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, a Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in Shares held by Asia Pacific under the SFO. His interests are disclosed in the section headed "Directors' Interest or Short Position in Shares and Underlying Shares" above.

(2) The beneficial ownership of the 182,294,000 Shares held by Fidelity China Special Situations Plc arises in the context of passive investment activities only by the various investment accounts managed by FIL Limited on a discretionary basis.

(3) These 182,844,000 Shares comprise the interests of (1) 182,294,000 Shares directly held by FIL Investment Services (UK) Limited, (ii) 396,000 Shares directly held by FIL Investment Management (Hong Kong) Limited, and (iii) 154,000 Shares directly held by FIL Limited. Pursuant to the disclosure of interests notification filed by Pandanus Associates Inc. on 11 January 2021, Pandanus Associates Inc., through a number of 100% controlled entities (including Pandanus Partners L.P.) and a 82% controlled entity (namely 483A Bay Street Holdings LP which in turn controlled by FIL Limited) and a 37.01% controlled entity (namely FIL Limited which in turn controlled by Pandanus Partners L.P.), was deemed to be interested in these 182,844,000 Shares under the SFO. Accordingly, each of FIL Limited and Pandanus Partners L.P. was interested in the same parcel of 182,844,000 Shares in which Pandanus Associates Inc. was deemed to be interested.

Save as disclosed above, as at 30 June 2021, the Company has not been notified of any other interests or short positions in the shares or underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

To The Board of Directors of Sinolink Worldwide Holdings Limited
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Sinolink Worldwide Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 27 to 70, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26 August 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	NOTES	Six months ended	
		30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Revenue			
Interest income		10,613	11,013
Rental income		108,098	76,527
Revenue from contracts with customers		94,406	97,856
Total revenue	3	213,117	185,396
Cost of services		(79,900)	(74,803)
Gross profit		133,217	110,593
Other income	4	47,975	44,167
Selling expenses		(1,638)	(1,928)
Administrative expenses		(54,682)	(58,175)
Other gains and losses	4	21,529	(12,043)
Increase (decrease) in fair value of investment properties	11	2,401	(36,384)
Fair value gain on other financial assets at fair value through profit or loss ("FVTPL")		60,780	13,385
Fair value loss on loan receivable from associates and amounts due from associates		(89,446)	(97,537)
Share of results of associates		(157,599)	(218,754)
Finance costs	5	(10,830)	(18,010)
Loss before taxation		(48,293)	(274,686)
Taxation	6	(49,101)	(16,435)
Loss for the period	7	(97,394)	(291,121)
Attributable to:			
Owners of the Company		(114,434)	(300,434)
Non-controlling interests		17,040	9,313
		(97,394)	(291,121)
		HK cents	HK cents (restated)
Loss per share	9		
Basic		(2.27)	(7.34)
Diluted		(2.27)	(7.34)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	<u>(97,394)</u>	<u>(291,121)</u>
Other comprehensive income (expense)		
Items that will not be reclassified to profit or loss:		
Exchange differences arising on translation to presentation currency	95,009	(135,756)
Fair value gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	<u>459,403</u>	<u>538,177</u>
Other comprehensive income for the period, net of tax	<u>554,412</u>	<u>402,421</u>
Total comprehensive income for the period	<u>457,018</u>	<u>111,300</u>
Total comprehensive income attributable to:		
Owners of the Company	345,022	21,266
Non-controlling interests	<u>111,996</u>	<u>90,034</u>
	<u>457,018</u>	<u>111,300</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	NOTES	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	266,837	281,267
Investment properties	11	2,774,558	2,739,311
Amounts due from associates	14	–	26,289
Interests in associates	12	696,869	840,956
Equity instruments at FVTOCI	17	3,160,674	2,528,880
Other financial assets at FVTPL	18	687,394	88,406
Other receivables	6	158,399	158,399
Loan receivables	13	285,582	268,779
Loan receivable from associates	14	–	7,311
Finance lease receivables		–	767
Deferred tax assets	21	2,175	6,870
Bank deposits		120,192	124,449
		8,152,680	7,071,684
Current assets			
Stock of properties	15	938,595	935,818
Trade and other receivables, deposits and prepayments	16	163,182	122,310
Loans receivables	13	142,850	121,601
Finance lease receivables		2,271	2,984
Other financial assets at FVTPL	18	410,425	355,647
Bank deposits		82,676	89,911
Structured deposits	19	924,916	427,553
Pledged bank deposits		859,212	846,038
Cash and cash equivalents		982,355	1,275,637
		4,506,482	4,177,499

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	NOTES	30.6.2021 HK\$'000 (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Current liabilities			
Trade payables, deposits received and accrued charges	20	448,638	468,915
Contract liabilities		10,486	10,242
Taxation payable		793,358	775,242
Borrowings		753,135	753,135
Lease liabilities		6,934	9,358
		2,012,551	2,016,892
Net current assets		2,493,931	2,160,607
Total assets less current liabilities		10,646,611	9,232,291
Non-current liabilities			
Lease liabilities		-	2,391
Deferred tax liabilities	21	1,166,007	999,523
		1,166,007	1,001,914
Net assets		9,480,604	8,230,377
Capital and reserves			
Share capital	22	637,400	354,111
Reserves		7,255,366	6,400,424
Equity attributable to owners of the Company		7,892,766	6,754,535
Non-controlling interests		1,587,838	1,475,842
Total equity		9,480,604	8,230,377

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to owners of the Company							Non-controlling			
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	General reserves HK\$'000 (Note)	Contributed surplus HK\$'000	Share option reserve HK\$'000	Investments revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	interests HK\$'000	Total HK\$'000
At 1 January 2021 (audited)	354,111	1,824,979	613,295	185,071	367,782	79,300	1,315,800	2,014,197	6,754,535	1,475,842	8,230,377
(Loss) profit for the period	-	-	-	-	-	-	-	(114,434)	(114,434)	17,040	(97,394)
Other comprehensive income for the period	-	-	76,636	-	-	-	382,820	-	459,456	94,956	554,412
Total comprehensive income (expense) for the period	-	-	76,636	-	-	-	382,820	(114,434)	345,022	111,996	457,018
Issuance of shares by rights issues (note 22)	283,289	509,920	-	-	-	-	-	-	793,209	-	793,209
Transfers	-	-	-	952	-	-	-	(952)	-	-	-
At 30 June 2021 (unaudited)	<u>637,400</u>	<u>2,334,899</u>	<u>689,931</u>	<u>186,023</u>	<u>367,782</u>	<u>79,300</u>	<u>1,698,620</u>	<u>1,898,811</u>	<u>7,892,766</u>	<u>1,587,838</u>	<u>9,480,604</u>
At 1 January 2020 (audited)	354,111	1,824,979	227,892	184,298	367,782	79,300	1,076,527	2,468,084	6,582,973	1,302,986	7,885,959
(Loss) profit for the period	-	-	-	-	-	-	-	(300,434)	(300,434)	9,313	(291,121)
Other comprehensive (expense) income for the period	-	-	(107,322)	-	-	-	429,022	-	321,700	80,721	402,421
Total comprehensive (expense) income for the period	-	-	(107,322)	-	-	-	429,022	(300,434)	21,266	90,034	111,300
At 30 June 2020 (unaudited)	<u>354,111</u>	<u>1,824,979</u>	<u>120,570</u>	<u>184,298</u>	<u>367,782</u>	<u>79,300</u>	<u>1,505,549</u>	<u>2,167,650</u>	<u>6,604,239</u>	<u>1,393,020</u>	<u>7,997,259</u>

Note: The 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from operating activities		
Operating cash flows before movements in working capital	94,141	73,588
Decrease in financial assets at FVTPL	10,642	36,400
Increase in loan receivables	(12,459)	(5,885)
Decrease in finance lease receivables	1,595	442
Increase in trade and other receivables, deposits and prepayments	(6,362)	(4,226)
Decrease in trade and other payables, deposits received and accrued charges	(26,766)	(16,434)
Other movements in working capital	120	(6,760)
	<hr/>	<hr/>
Net cash from operations	60,911	77,125
Taxation paid	(22,663)	(24,427)
Interest received from financing services business	2,755	11,013
	<hr/>	<hr/>
	41,003	63,711
	<hr/>	<hr/>
Net cash used in investing activities		
Other interest received	15,647	19,847
Dividend received	7,000	641
Placement of bank deposits	-	(280,416)
Withdrawal of bank deposits	14,051	12,690
Placement of structured deposits	(923,806)	(266,814)
Withdrawal of structured deposits	432,173	281,147
Purchase of property, plant and equipment	(2,442)	(3,314)
Purchase of equity instruments at FVTOCI	(3,373)	(6,008)
Purchase of Redeemable Preference Shares (defined in note 18)	(600,240)	-
Proceed from redemption of Redeemable Preference Shares	-	578,025
Proceed from disposal of redeemable convertible preference shares	-	63,197
Investment in unlisted fund investment in the PRC	-	(82,147)
Investment in associate	-	(650,999)
Advance to associates	(60,869)	(139,754)
Other investing cash flows	(3,001)	(18,743)
	<hr/>	<hr/>
	(1,124,860)	(492,648)
	<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from (used in) financing activities		
Issuance of shares by rights issues (note 22)	793,209	–
Repayment of borrowings	–	(586)
Repayment of lease liabilities	(4,820)	(4,467)
Interest paid	(9,945)	(17,163)
	<u>778,444</u>	<u>(22,216)</u>
Net decrease in cash and cash equivalents	(305,413)	(451,153)
Cash and cash equivalents at beginning of the period	1,275,637	1,463,952
Effect of foreign exchange rate changes	12,131	(26,601)
Cash and cash equivalents at end of the period	<u>982,355</u>	<u>986,198</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. GENERAL

Sinolink Worldwide Holdings Limited (the “Company”) is a public limited company incorporated in Bermuda as an exempted company with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (collectively referred to as the “Group”) continues to operate existing property development, property management and investment, financing services and asset financing, while increasingly focuses on financial technology (FinTech) investment and management.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(A) Revenue

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

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Recognised over time under HKFRS 15		
“Revenue from Contracts with Customers” (“HKFRS 15”):		
– Property management fee income	66,008	60,261
– Others	28,398	30,436
Recognised at a point in time under HKFRS 15:		
– Others	–	7,159
Recognised under HKFRS 15	94,406	97,856
Recognised under other HKFRSs:		
– Rental income	108,098	76,527
– Interest income from financing services business	10,613	11,013
	213,117	185,396

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

(A) Revenue (Cont'd)

HK\$213,117,000 (six months ended 30 June 2020 (unaudited): HK\$178,237,000) of the Group's revenue is generated from the PRC during the six months ended 30 June 2021. HK\$7,159,000 of the Group's revenue was generated from Hong Kong during the six months ended 30 June 2020.

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

For the six months ended 30 June 2021 (unaudited)

	Property management HK\$'000	Property investment HK\$'000	Financing services HK\$'000	Others HK\$'000	Total HK\$'000
Property management fee income	66,008	-	-	-	66,008
Others	-	-	-	28,398	28,398
Revenue from contracts with customers	66,008	-	-	28,398	94,406
Rental income	-	108,098	-	-	108,098
Interest income from financing services business	-	-	10,613	-	10,613
Total revenue	66,008	108,098	10,613	28,398	213,117

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

(A) Revenue (Cont'd)

For the six months ended 30 June 2020 (unaudited)

	Property management HK\$'000	Property investment HK\$'000	Financing services HK\$'000	Others HK\$'000	Total HK\$'000
Property management fee income	60,261	-	-	-	60,261
Others	-	-	7,159	30,436	37,595
Revenue from contracts with customers	60,261	-	7,159	30,436	97,856
Rental income	-	76,527	-	-	76,527
Interest income from financing services business	-	-	11,013	-	11,013
Total revenue	60,261	76,527	18,172	30,436	185,396

(B) Segment information

For management purposes, the Group is currently organised into the following operating divisions – property development and sale of properties (“property development”), property management, property investment and provision of financing services (“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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

(B) Segment information (Cont'd)

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

Six months ended 30 June 2021 (unaudited)

	Property development HK\$'000	Property investment HK\$'000	Property management HK\$'000	Financing services HK\$'000	Total for reportable segments HK\$'000	Others HK\$'000	Consolidated HK\$'000
REVENUE							
External sales	-	108,098	66,008	10,613	184,719	28,398	213,117
RESULT							
Segment result	(1,210)	102,519	2,969	25,650	129,928	(7,411)	122,517
Other income							47,975
Unallocated corporate expenses							(26,902)
Unallocated other gains and losses							5,212
Fair value gain on other financial assets at FVTPL							60,780
Fair value loss on loan receivable from associates and amounts due from associates							(89,446)
Share of results of associates							(157,599)
Finance costs							(10,830)
Loss before taxation							(48,293)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

(B) Segment information (Cont'd)

Six months ended 30 June 2020 (unaudited)

	Property development HK\$'000	Property investment HK\$'000	Property management HK\$'000	Financing services HK\$'000	Total for reportable segments HK\$'000	Others HK\$'000	Consolidated HK\$'000
REVENUE							
External sales	-	76,527	60,261	18,172	154,960	30,436	185,396
RESULT							
Segment result	(2,308)	32,243	4,597	2,601	37,133	(1,535)	35,598
Other income							44,167
Unallocated corporate expenses							(28,925)
Unallocated other gains and losses							(4,610)
Fair value gain on other financial assets at FVTPL							13,385
Fair value loss on loan receivable from associates and amounts due from associates							(97,537)
Share of results of associates							(218,754)
Finance costs							(18,010)
Loss before taxation							<u>(274,686)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

(B) Segment information (Cont'd)

Segment result represents the profit earned/loss incurred by each segment without allocation of other income, unallocated corporate expenses, unallocated other gains and losses, share of results of associates, fair value gain on other financial assets at FVTPL, fair value loss on loan receivables from associates and amounts due from associates and 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.

There is no seasonality of the operation of the Group.

4. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Other income comprises:		
Dividends from financial assets at FVTOCI	7,000	–
Dividends from financial assets at FVTPL	–	641
Interest income on bank deposits	34,854	35,524
Interest income on other financial assets at FVTPL	2,693	3,503
Others	3,428	4,499
	47,975	44,167
Other gains and losses comprises:		
Net exchange gain (loss)	5,212	(4,610)
Reversal of provision for (provision for) loss allowance		
– loans receivables	5,145	(2,735)
– finance lease receivables	80	–
– trade receivables	11,092	(4,698)
	21,529	(12,043)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

5. FINANCE COSTS

	Six months ended	
	30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Interest on borrowings	9,677	16,660
Interest on lease liabilities	268	503
Interest on deposits received for rental	885	847
	<u>10,830</u>	<u>18,010</u>

6. TAXATION

	Six months ended	
	30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
The charge (credit) comprises:		
Current tax		
PRC Enterprise Income Tax	32,345	25,046
Deferred taxation charge (credit)	16,756	(8,611)
	<u>49,101</u>	<u>16,435</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

6. TAXATION (Cont'd)

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

Taxation for subsidiaries of the Group is calculated at the rate of 25% (six months ended 30 June 2020: 25%) of their assessable profits for the six months ended 30 June 2021 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.

In addition, Land Appreciation Tax ("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.

Deferred taxation charge for the period mainly represents deferred tax arising from revaluation of investment properties, equity instruments at FVTOCI and other financial assets at FVTPL, expected credit losses ("ECL") provision and undistributed profits of subsidiaries. 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 relevant tax rules and regulations of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

6. TAXATION (Cont'd)

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 2005/2006 to 2013/2014. Up to 30 June 2021, the IRD has issued Assessments for the years of assessment 2006/2007 to 2013/2014 and the Group has purchased tax reserve certificates of approximately HK\$134,750,000 for conditional standover order of objection against the notices of Assessments for the years of assessment 2006/2007 to 2013/2014 and the amount is presented as “other receivables” in the Group’s condensed consolidated statement of financial position. In 2016, the IRD issued a letter informing the Group, that the IRD 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 condensed consolidated financial statements, the appeal hearing is yet to be held. Having taken 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 return for the year of assessment 2007/2008. Up to 30 June 2021, the Group has purchased tax reserve certificate of approximately HK\$23,649,000 for conditional standover order of objection and the amount is presented as “other receivables” in the Group’s condensed consolidated statement of financial position. In 2016, the IRD issued a letter informing the Group, that the IRD 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 condensed consolidated financial statements, the appeal hearing is yet to be held. Having taken 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

7. LOSS FOR THE PERIOD

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Depreciation of right-of-use assets	4,095	5,464
Depreciation of other property, plant and equipment	15,122	15,363
Total	<u>19,217</u>	<u>20,827</u>

8. DIVIDENDS

No dividends were paid, declared and proposed by the Company during the interim period (six months ended 30 June 2020: nil). The directors resolved that no dividend will be paid in respect of the interim period (six months ended 30 June 2020: nil).

9. 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:

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(114,434)</u>	<u>(300,434)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

9. LOSS PER SHARE (Cont'd)

	Number of shares	
	30.6.2021	30.6.2020 (restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>5,051,074,646</u>	<u>4,093,526,434</u>

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the six months ended 30 June 2021 and 2020 has been adjusted to reflect the impact of the bonus element of rights issue on 15 April 2021.

The computation of diluted loss per share for both periods has not assumed the exercise of the Company's share options as the exercise price was higher than the average market price of the Company's shares during the periods.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of approximately HK\$2,442,000 (six months ended 30 June 2020: HK\$3,314,000).

In previous years, the Group has provided an accumulated impairment of HK\$88,211,000 on the hotel buildings and related building improvement. As the recoverable amount of hotel buildings, which was accessed based on fair value less cost of disposal, was approximate to the carrying amount of that as at 30 June 2021, there is no impairment or reversal of impairment recognised in current interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

11. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
FAIR VALUE	
At 1 January 2021 (audited)	2,739,311
Increase in fair value of investment properties	2,401
Exchange realignment	32,846
	<hr/>
At 30 June 2021 (unaudited)	2,774,558
	<hr/> <hr/>
Unrealised gain on property revaluation included in profit or loss	2,401
	<hr/> <hr/>
At 1 January 2020 (audited)	2,599,888
Decrease in fair value of investment properties	(36,384)
Exchange realignment	(48,520)
	<hr/>
At 30 June 2020 (unaudited)	2,514,984
	<hr/> <hr/>
Unrealised loss on property revaluation included in profit or loss	(36,384)
	<hr/> <hr/>

The fair values of the investment properties as at 30 June 2021 and 31 December 2020 have been arrived at on the basis of a valuation carried out on those dates by Messrs. Cushman & Wakefield Limited, independent qualified professional valuers not connected with the Group, and are the members of the Hong Kong Institute of Surveyors.

The fair value of investment properties was determined by making reference to comparable sales evidence as available in the relevant market, or where appropriate by the investment method by capitalising the net income derived from the existing tenancies with allowance for the reversionary income potential of the properties.

The fair value of car parks as at 30 June 2021 was determined based on direct comparison approach. There has been change from the valuation technique used in the prior year for car parks since there are more sales transaction of car parks during the six months ended 30 June 2021.

There has been no change from the valuation technique used in the prior year for offices and retail premises.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

12. INTERESTS IN ASSOCIATES

	30.6.2021 <i>HK\$'000</i> (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Cost of unlisted interests in associates	1,332,022	1,317,451
Share of post-acquisition results (note i)	(635,153)	(476,495)
	696,869	840,956

Note:

- (i) During the six months ended 30 June 2021, the Group's share of loss from associates was mainly arisen from ZhongAn Technologies International Group Limited ("ZhongAn International") of HK\$156,417,000 (six months ended 30 June 2020 (unaudited): HK\$99,471,000). The loss incurred by ZhongAn International is mainly due to staff costs during the period.

13. LOAN RECEIVABLES

	30.6.2021 <i>HK\$'000</i> (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Factoring loans receivables with recourse (note (i))	54,233	92,883
Other loans receivables (note (ii))	382,311	310,603
	436,544	403,486
Less: allowance for credit loss	(8,112)	(13,106)
Total	428,432	390,380

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

13. LOAN RECEIVABLES (Cont'd)

	30.6.2021 <i>HK\$'000</i> (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
The loan receivables analysed as follows:		
Non-current	285,582	268,779
Current	142,850	121,601
	<hr/> 428,432 <hr/>	<hr/> 390,380 <hr/>

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% (31 December 2020: 5.5%) per annum as at 30 June 2021. 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 30 June 2021 and 31 December 2020, none of the factoring loans receivables is past due or credit-impaired.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

13. LOAN RECEIVABLES (Cont'd)

Notes: (Cont'd)

- (ii) Other loans receivables to independent third parties are unsecured and carried interest rate ranged from 5.0% to 6.0% (31 December 2020: 4.9% to 6.0%) per annum.

As part of the Group's credit risk management, the debtors are assessed individually by the management of the Group as at 30 June 2021 and 31 December 2020 by reference to past default experience, current past due exposure of the debtor, the nature and prospect of the debtor's operation. The loss rate ranging from 0.5% to 2.5% (31 December 2020: 1.0% to 3.8%) is applied to the debtors. As at 30 June 2021, the impairment loss allowance on loans receivables is HK\$8,112,000 (31 December 2020: HK\$13,106,000).

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.

During the current interim period, the Group has reversal of provision for loss allowance recognised of HK\$5,145,000 (six months ended 30 June 2020 (unaudited): provision for loss allowance of HK\$2,735,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

14. LOAN RECEIVABLE FROM ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES

	30.6.2021 <i>HK\$'000</i> (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Shareholder's loan receivable – measured at FVTPL	862,825	865,231
Less: Share of loss and other comprehensive expenses of associate in excess of cost of investment	(862,825)	(857,920)
	<u>–</u>	<u>7,311</u>
Amounts due from associates	<u>–</u>	<u>26,289</u>

Rockefeller Group Asia Pacific, Inc. (“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 is 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 including principal and interest is unsecured and has no fixed repayment terms.

Amounts due from associates, which represented the current account with RGAP, were unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

14. *LOAN RECEIVABLE FROM ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Cont'd)*

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. Details of the valuation techniques and key inputs are stated in note 28.

During the six months ended 30 June 2021, RGAP renewed its banking facility and the revised terms of the facility placed certain limitations that RGAP can repay the loan to the Group upon the full repayment of its bank borrowings. As such, the Group has revised its timing of the expected receipts on the repayment from RGAP.

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, they are classified as non-current assets accordingly.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

15. STOCK OF PROPERTIES

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Properties under development	938,595	935,818

As at 30 June 2021, properties under development of HK\$938,595,000 (31 December 2020: HK\$935,818,000) 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.

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Trade receivables from property management and property investment business	5,508	4,610
Trade receivables from financing services	11,092	13,714
	16,600	18,324
Less: allowance for credit loss	–	(13,714)
Total trade receivables	16,600	4,610
Interest receivables from bank deposits	113,659	90,643
Other receivables, deposits and prepayments	32,923	27,057
	163,182	122,310

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 reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Aged:		
0 to 60 days	4,452	3,683
61 to 180 days	965	546
Over 180 days	91	381
	<u>5,508</u>	<u>4,610</u>

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 reporting period, net of ECL.

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Aged:		
Over 360 days	<u>11,092</u>	<u>–</u>

FOR THE SIX MONTHS ENDED 30 JUNE 2021

16. *TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS* *(Cont'd)*

The Group applied simplified approach to provide for ECL prescribed by HKFRS 9 “Financial Instruments” (“HKFRS 9”). The Group assessed ECL for trade receivables from financial services 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 as at 31 December 2020.

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 prior 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.

During current period, a settlement arrangement has been made with this debtor. The Group has reversed provision for loss allowance of HK\$11,092,000 during the six months ended 30 June 2021. Subsequent to the end of the reporting period, the Group has received settlement of such trade receivables of HK\$11,092,000. The remaining HK\$2,622,000 has been written off during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

17. EQUITY INSTRUMENTS AT FVTOCI

	30.6.2021 <i>HK\$'000</i> (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Equity securities of an entity listed in Hong Kong, at fair value (note i)	2,874,587	2,334,621
Unlisted equity securities in Hong Kong, the PRC and overseas, at fair value	286,087	194,259
Total (note ii)	3,160,674	2,528,880

Notes:

- (i) The Group held the publicly-traded ordinary share capital of ZhongAn Online P&C Insurance Co., Ltd. ("ZhongAn Online") ("ZhongAn Online H Shares") that subject to lock-up mechanisms. The marketability of ZhongAn Online H Shares with lock-up period are different from publicly-traded ZhongAn Online H Shares. The fair value of investment in Zhong An Online at 30 June 2021 and 31 December 2020 has been arrived at on the basis of a valuation carried out by an independent professional valuer not connected with the Group. Details of the fair value estimation are set out in note 28.
- (ii) The Group has made an irrevocable election to designate these investments in equity instruments as at FVTOCI.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

18. OTHER FINANCIAL ASSETS AT FVTPL

	30.6.2021 <i>HK\$'000</i> (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Equity securities listed in Hong Kong	6,248	7,239
Equity securities listed in the PRC	22,636	22,424
Investments in Redeemable Preference Shares (note i)	600,197	–
Investments in redeemable convertible preference shares of an entity (note ii)	68,954	68,135
Senior notes listed in Hong Kong	–	22,833
Unlisted fund investments in the PRC	215,503	215,270
Unlisted fund investments in overseas	184,281	108,152
	1,097,819	444,053
Non-current	687,394	88,406
Current	410,425	355,647
	1,097,819	444,053

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18. OTHER FINANCIAL ASSETS AT FVTPL (Cont'd)

Notes:

- (i) The Group has subscribed redeemable preference shares of ZhongAn International (“Redeemable Preference Shares”) of RMB500,000,000 during the six months ended 30 June 2021. ZhongAn International has 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 which the Group accounted for as interests in associates, the Group’s investment in Redeemable Preference Shares is accordance with HKFRS 9 and measured at FVTPL.
- (ii) As at 30 June 2021 and 31 December 2020, the Group had redeemable convertible preference shares in MMT E Buy (Cayman) Corporation (“MMT E Buy”). 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 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. 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 classified as current assets as at 30 June 2021 and 31 December 2020. In August 2021, the Group is in the progress of transferring the entire shares of redeemable convertible preference shares as repayment of other borrowing of RMB57,370,000 (equivalent to HK\$68,954,000).

Details of the fair value estimation are set out in note 28.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

19. STRUCTURED DEPOSITS

The Group entered into deposit placements 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 exchange rates or interest rates quoted in the market or the performance of financial indicator as specified in the relevant deposit placements.

Major terms of the material structured deposits at the end of the reporting period are as follows:

At 30 June 2021 (unaudited)

Principal amount	Maturity	Annual coupon rate	Note
RMB334,000,000	July 2021	from 1.65% to 2.95%	(i)
RMB328,000,000	July 2021 to September 2021	from 1.30% to 4.51%	(ii)

At 31 December 2020 (audited)

Principal amount	Maturity	Annual coupon rate	Note
RMB315,000,000	February 2021 to March 2021	from 1.10% to 5.35%	(ii)

Notes:

- (i) The annual interest rate is dependent on whether the one-year People's Bank of China Loan Prime Rate at a specified date is higher than a specified rate.
- (ii) The annual interest rate is dependent on whether exchange rate between Euro and United State Dollars is higher than that as specified in the relevant deposit placements during the period from inception date to maturity date of the relevant agreements.

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FOR THE SIX MONTHS ENDED 30 JUNE 2021

20. TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	30.6.2021 <i>HK\$'000</i> (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Trade payables	47,440	33,938
Other payables for construction work	178,023	194,439
Deposits received for rental	38,455	37,125
Advance lease payments	15,230	17,808
Deposits received for management fee	41,408	53,687
Other tax payables	17,944	17,504
Salaries payables and staff welfare payables	57,947	57,232
Other payables and accrued charges	52,191	57,182
	448,638	468,915

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

	30.6.2021 <i>HK\$'000</i> (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Aged:		
0 to 90 days	18,216	5,598
91 to 180 days	1,695	1,175
181 to 360 days	742	119
Over 360 days	26,787	27,046
	47,440	33,938

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FOR THE SIX MONTHS ENDED 30 JUNE 2021

21. DEFERRED TAX ASSETS/LIABILITIES

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

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Deferred tax assets	2,175	6,870
Deferred tax liabilities	(1,166,007)	(999,523)
	<u>(1,163,832)</u>	<u>(992,653)</u>

The following are the major deferred tax (liabilities) and assets recognised and movements thereon during the current and prior periods:

	Revaluation on investment properties <i>HK\$'000</i>	Revaluation of equity instruments at FVTOCI <i>HK\$'000</i>	Revaluation of other financial assets at FVTPL <i>HK\$'000</i>	ECL provision <i>HK\$'000</i>	Undistributed profits of subsidiaries <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2020 (audited)	(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)
	<u>(367,052)</u>	<u>(571,284)</u>	<u>(24,586)</u>	<u>6,870</u>	<u>(36,601)</u>	<u>(992,653)</u>
At 31 December 2020 (audited)	(367,052)	(571,284)	(24,586)	6,870	(36,601)	(992,653)
Currency realignment	(4,413)	(6,584)	(307)	77	(443)	(11,670)
Charge to profit or loss	(600)	-	(8,983)	(4,772)	(2,401)	(16,756)
Charge to other comprehensive income	-	(142,753)	-	-	-	(142,753)
	<u>(372,065)</u>	<u>(720,621)</u>	<u>(33,876)</u>	<u>2,175</u>	<u>(39,445)</u>	<u>(1,163,832)</u>
At 30 June 2021 (unaudited)	<u>(372,065)</u>	<u>(720,621)</u>	<u>(33,876)</u>	<u>2,175</u>	<u>(39,445)</u>	<u>(1,163,832)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

22. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2020 and 31 December 2020 (audited)	6,000,000,000	600,000
Increase on 8 March 2021	<u>9,000,000,000</u>	<u>900,000</u>
At 30 June 2021 (unaudited)	<u><u>15,000,000,000</u></u>	<u><u>1,500,000</u></u>
Issued and fully paid:		
At 1 January 2020 and 31 December 2020 (audited)	3,541,112,832	354,111
Issued of rights shares (note)	<u>2,832,890,264</u>	<u>283,289</u>
At 30 June 2021 (unaudited)	<u><u>6,374,003,096</u></u>	<u><u>637,400</u></u>

Note: On 15 April 2021, 2,832,890,264 shares of HK\$0.10 each were issued by way of rights issue at a subscription price of HK\$0.28 per share.

All the shares issued during the six months ended 30 June 2021 rank pari passu in all respects with the other shares in issue.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

23. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with related parties during the period.

Name of related party	Nature of transaction	Six months ended	
		30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Associate:			
Shanghai Bund de Rockefeller Group Master Development Co., Ltd.	Project management fee income	13,098	13,098

During the current interim period, the emoluments of key management personnel were HK\$6,349,000 (six months ended 30 June 2020 (unaudited): HK\$7,228,000).

24. FINANCIAL GUARANTEE CONTRACTS

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties for sale	8,996	9,466

No financial liabilities were recognised in respect of financial guarantee contracts. In the opinion of the directors, the fair values of the financial guarantee contracts at initial recognition were insignificant and it is not probable that the counterparties would default on the relevant loans. At the end of the current interim period, the management has 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. No loss allowance was recognised in the profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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25. COMMITMENTS

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Commitments in respect of properties under development for sale:		
– contracted for but not provided in the condensed consolidated financial statements	32,095	34,930
Commitments in respect of establishment of investment fund	90,144	89,074

26. PLEDGE OF OR RESTRICTIONS ON ASSETS

At 30 June 2021, pledged bank deposits of HK\$859,212,000 (31 December 2020: HK\$846,038,000) were pledged to banks to secure general banking facilities granted to the Group.

Restrictions on assets

In addition, lease liabilities of HK\$6,934,000 (31 December 2020: HK\$11,749,000) are recognised with related right-of-use assets of HK\$4,644,000 (31 December 2020: HK\$8,088,000) as at 30 June 2021. 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 a security for borrowing purposes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

27. SHARE-BASED PAYMENTS

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 with exercise period from 15 May 2015 to 15 May 2025.

The table below discloses movement of the Company’s share options held by the directors and the employees:

	Number of share options
At 1 January 2020 (audited) and 30 June 2020 (unaudited)	<u>114,000,000</u>
At 1 January 2021 (audited)	114,000,000
Adjustment (note)	<u>17,784,000</u>
At 30 June 2021 (unaudited)	<u><u>131,784,000</u></u>
Exercisable at 30 June 2021	<u><u>131,784,000</u></u>

Note: The number and the exercise price of options which remained outstanding have been adjusted with effect from 15 April 2021 due to rights issue of the Company during the period.

All share options granted have been vested during prior years. As at 30 June 2021, the share option is exercisable from the completion of vesting period to 14 May 2025 with adjusted exercise price of HK\$1.185 (31 December 2020: HK\$1.37).

As at 30 June 2021, the number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 131,784,000 (31 December 2020: 114,000,000), representing 2.1% (31 December 2020: 3.2%) of the shares of the Company in issue.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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 each 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), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Cont'd)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Cont'd)

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key input(s)
	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)		
Equity securities of an entity listed in Hong Kong classified as equity instruments at FVTOCI	2,874,587	2,334,621	Level 3	Average-price Asian Put Option model (note i)
Unlisted equity securities classified as equity instruments at FVTOCI	286,087	194,259	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	399,784	323,422	Level 2	Net asset value of fund (i.e. fair value of the portfolio included in the fund)
Investments in listed equity securities held-for-trading	28,884	29,663	Level 1	Quoted bid prices in an active market
Redeemable Preference Shares classified as financial assets at FVTPL	600,197	–	Level 3	Discounted cash flow based on the estimated future cash flows that are discounted at rate of 5.5% (note ii)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Cont'd)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Cont'd)

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key input(s)
	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)		
Redeemable convertible preference shares classified as financial assets at FVTPL	68,954	68,135	Level 3	Expected redemption price
Investment in listed senior notes	-	22,833	Level 2	Recent transaction prices
Structured bank deposits	924,916	427,553	Level 3	Quoted prices from financial institutions
Loan receivable from associates	-	7,311	Level 3	Discounted cash flow based on the estimated future cash flows (including the key input of growth rate of 2.0% (31 December 2020: 2.6%)) that are expected to receive 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 17.3% (31 December 2020: 17.2%) (note iii)
Amounts due from associates	-	26,289	Level 3	

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28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Cont'd)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Cont'd)

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 30 June 2021 of HK\$43.95 (31 December 2020: HK\$36.2) 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 67.77% (31 December 2020: 70.87%) for the tranche with lock-up period of 0.44 years (31 December 2020: 0.94 years) and volatility of ZhongAn Online H Shares of 57.32% (31 December 2020: 55.35%) for the tranche with lock-up period of 3.45 years (31 December 2020: 3.95 years); and (ii) expected dividend yield of 0% (31 December 2020: 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\$35,600,000/HK\$62,874,000 (31 December 2020: 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\$109,098,000 (31 December 2020: HK\$67,380,000).

- (ii) As at 30 June 2021, 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\$15,967,000/HK\$nil.

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28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Cont'd)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Cont'd)

Notes: (Cont'd)

- (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 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 and amounts due from associates by HK\$26,289,000/HK\$34,344,000 as at 31 December 2020.

The management of the Group has performed sensitivity analysis on loan receivable from associates and amounts due from associates as at 30 June 2021 for (i) a 0.5% increase in the growth rate holding all other variables constant and (ii) a 0.5% increase in the discount rate holding all other variables constant. Since there is no change to the carrying amount of loan receivable from associates and amounts due from associates according to the sensitivity analysis, the management of the Group considers the disclosure of the result of sensitivity analysis is unrepresentative for loan receivable from associates and amounts due from associates as at 30 June 2021.

There were no transfers between Level 1, 2 and 3 during the current period.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position approximate their fair values.

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28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Cont'd)

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

	Other financial assets at FVTPL HK\$'000	Loan receivables from associates HK\$'000	Amounts due from associates HK\$'000	Financial assets at FVTOCI HK\$'000	Structured bank deposits HK\$'000	Total HK\$'000
At 1 January 2020 (audited)	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 (audited)	68,135	7,311	26,289	2,334,621	427,553	2,863,909
Purchase	600,240	-	-	-	-	600,240
Placement of structured deposits	-	-	-	-	923,806	923,806
Withdrawal of structured deposits	-	-	-	-	(432,173)	(432,173)
Advance to associates	-	-	60,869	-	-	60,869
Share of results of associate	-	(4,905)	-	-	-	(4,905)
Currency realignment	776	(118)	-	28,675	5,730	35,063
Fair value change to profit or loss	-	(2,288)	(87,158)	-	-	(89,446)
Fair value change to other comprehensive income	-	-	-	511,291	-	511,291
At 30 June 2021 (unaudited)	669,151	-	-	2,874,587	924,916	4,468,654