百仕達控股有限公司*

Sinolink Worldwide Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 1168

2023

ANNUAL REPORT

* *For identification purpose only*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Ou Jin Yi Hugo
Ou Yaping
Tang Yui Man Francis

Independent Non-executive Directors

Chen Hui
Tian Jin
Xin Luo Lin

AUTHORISED REPRESENTATIVES

Ou Jin Yi Hugo
Xiang Ya Bo

COMPANY SECRETARY

Lo Tai On

AUDIT COMMITTEE

Xin Luo Lin *(Chairman)*
Chen Hui
Tian Jin

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

Xin Luo Lin *(Chairman)*
Chen Hui
Xiang Ya Bo

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditors
22/F., Prince's Building
Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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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 Limited
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Ping An Bank
The Bank of East Asia, Limited

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CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (the "Group"), I am pleased to present the annual report and the audited financial statements of the Group for the year ended 31 December 2023.

Zhongan Online and ZhongAn Information Technology Services Limited jointly released the "White Paper on AIGC/CHATGPT Applications in the Insurance Industry" (《AIGC/CHATGPT保險行業應用白皮書》), the first white paper on the AIGC (AI-generated content technology) applications in the domestic insurance industry

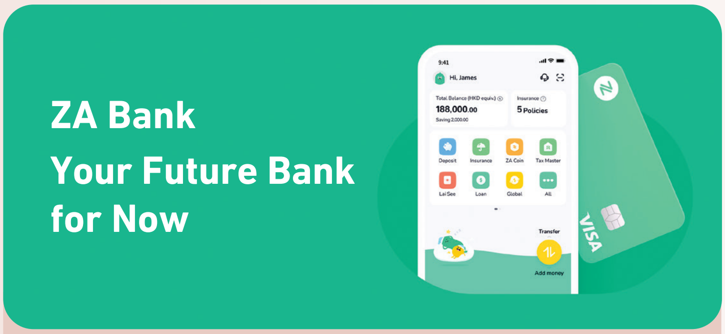
REVIEW

During the year ended 31 December 2023, the Group's core businesses remained focused on financial technology ("FinTech") investment and management, financial service sector, asset financing management, while it is also engaged in property development, commercial property investment and management, financial products and securities investment. The Group recorded a revenue of HK$360.8 million for the year and loss attributable to owners of the Company of HK$278.2 million. Basic loss per share amounted to HK$4.37 cents. The board does not recommend payment of any final dividend for the year ended 31 December 2023. A more detailed elaboration on the Group financial performance is set out in the Management Discussion and Analysis section of this report.

China's annual gross domestic product ("GDP") in 2023 at RMB126 trillion, a year-on-year increase of approximately 5.2%. Looking at the quarters, GDP increased by 4.5% year-on-year in the first quarter, 6.3% in the second quarter, 4.9% in the third quarter, and 5.2% in the fourth quarter. It showed a trend of low, medium and high, and then stable, and the positive trend was further consolidated.

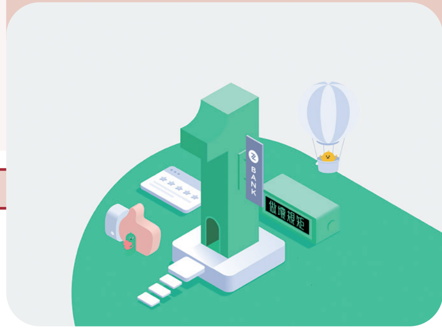
Against this backdrop and macro environment, Sinolink has been exploring new growth approaches to capture potential opportunities arising from the new form of economic development, while seeking opportunities and launching initiatives for investing and participating in financial technology and new economy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

CHAIRMAN'S STATEMENT



ZA Bank was named "Virtual Bank of the Year – Consumer (Hong Kong)" in The Asset Triple A Digital Awards 2023. The ZA Bank App was also the top-rated Hong Kong retail banking app on Google Play as of 31 December 2023.

ZA Bank is currently one of the virtual banks in the Hong Kong market with the most comprehensive features. The Bank is dedicated to building an all-in-one digital finance platform that offers users 24x7 digital banking services.



PROSPECTS

Looking ahead to 2024, although the end of the COVID-19 virus had brought more confidence and a sense of security, we do not expect significant improvements in the economic landscape and will therefore continue with our cautious tilt.

On the investment properties side, we will continue to enhance our offerings and services to our tenants and shoppers, while tightly controlling expenses, with the aim of maintaining steady performance. Benefiting from the deepening of the Greater Bay Area economic circle, we also hope to increase the occupancy rate of our investment properties and hotels.

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

APPRECIATION

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

Xiang Ya Bo
Chairman
Hong Kong, 27 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

2023 is a year full of challenges and opportunities. Although the world economy has slowly stabilized from the post-epidemic prevention phase, it still remains sluggish due to the uncertain and volatile international situation, frequent geopolitical conflicts, and the rising complexity, severity and uncertainty of the external environment. There are many periodic and structural contradictions in China, and natural disasters occur frequently.

Most economists, as well as Federal Reserve officials, had expected a risk of recession in the United States in 2023 and predicted a sharp rise in unemployment. In fact, however, employment growth slowed but remained strong in 2023 compared to 2022, the unemployment rate remained low, and inflation slowed over the past year, although it remained high. Federal Reserve officials believe that the risk of the United States falling into a recession is now very low, and they also expect that the rate-hiking phase has come to an end, and have begun to discuss when it would be appropriate to move into a rate-cutting or monetary easing phase.

For China, the annual gross domestic product (GDP) in 2023 was RMB126 trillion, representing a year-on-year increase of approximately 5.2%. On a quarterly basis, GDP increased by 4.5% year-on-year in the first quarter, 6.3% in the second quarter, 4.9% in the third quarter, and 5.2% in the fourth quarter, showing a trend of low, medium and high followed by stabilization while further consolidating positive trends.

The FinTech industry is a technology-driven financial innovation industry. The booming digital economy has provided a broad space for its development and the rapidly evolving digital technology has injected abundant vitality into the digital transformation of finance. Despite uncertainties in the development environment both domestically and abroad, the comprehensive development of digital transformation of finance driven by FinTech has become a definite trend with marvellous development prospects. As China emerged from the pandemic, the national economy has steadily restarted. The FinTech sentiment index has reached a new record since the pandemic, reflecting the greater resilience and expected steady growth of the industry. China's FinTech industry is during its rapid development based on the current FinTech development status. Across the megatrend of the digital transformation of the financial services industry, China's FinTech market revenue has reached US$85 billion in 2023, with an expected CAGR of approximately 18% during the period, and will reach RMB1.39 trillion by 2028.

For real estate development, the national real estate development investment was RMB110,913 in 2023, down 9.6% year-on-year. Among them, the investment in residential housing was RMB8,382 billion, down 9.3%. The floor space of the real estate development enterprises under construction was 8,383.64 million square meters, a year-on-year decrease of 7.2%. Among them, the floor space of residential buildings under construction was 5,898.84 million square meters, down 7.7%. The floor space of buildings newly started was 953.76 million square meters, down 20.4%.

The real estate market in the PRC has become an important pillar of the national economy and the wealth store after more than 20 years of rapid growth. However, concomitant with disappearing demographic dividend, entering late stages of urbanization, slowing down of economic growth, advancing of financial deleveraging and strengthening government regulation and control, the real estate market is facing unprecedented challenges and pressure. The sentiment of existing homebuyers is still affected by such key factors as residents' poor expectation of future income, stronger expectation of price declining, homebuyers' definite concern about unfinished forward delivery housing, while any turnabout of such factors and the efforts in intensifying optimization of housing purchase policies will directly determine the trend of the real estate market. It is expected that the real estate market will still be in the process of adjustment and transformation in 2024. In addition to keeping the determination of policy regulation and control, the government is expected to release certain restrictive measures, such as cancelling purchase limits, lowering the down payment requirements, lowering the interest rates and buying a house and getting permanent residence, to stimulate housing demand and consumption.

In terms of inflation, the international economy is still operating below potential output and the overall inflationary pressures are low. In particular, in the second half of 2023, China's consumer price index (CPI) fell by 0.8% year-on-year in January 2024, leading to deflation. Although China has recorded negative CPI for several months in a row, we believe that China's CPI has reached the bottom of the cycle and has not yet fallen into a "deflationary spiral".

The monetary policy will remain prudent with reasonable and sufficient liquidity, and play its key role in adjusting both the monetary aggregate and the monetary structure. The M2 money supply and aggregate financing should increase generally in step with nominal economic growth to provide support for the real economy in 2023. We expect that social financing scale and M2 growth rate will outpace significantly the nominal GDP growth with the further expansion of structural monetary policy tools.

The internal and external environment facing China is still complex and changeable, and the recovery rate of the domestic economy has further slowed down. The domestic effective demand is insufficient, and the endogenous driving force for the recovery of production, investment and consumption is not strong. Restoring and expanding demand is the key to the sustained recovery of the current economy. Overall, although supply-side and demand-side pressures still exist, the continued strength of economic stabilization policies will provide guarantees for the sound economic operation, which may help domestic production demand and consumer demand stabilize and recover. We expect the GDP growth to be approximately 5%-6% in 2024.

The Group has been actively responding to the Chinese government's and the Hong Kong SAR government's continued approach to promote FinTech 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 year ended 31 December 2023, the Group's revenue was HK$360.8 million, decreasing by 5% as compared to last year. Gross profit was HK$208.9 million, decreasing by 8% as compared to last year. The Company recorded loss attributable to owners of the Company of HK$278.2 million during the year, as compared to HK$142.4 million (restated) for last year. Basic loss per share amounted to HK4.37 cents, as compared to HK2.23 cents (restated) for last year.

FINANCING SERVICES BUSINESS

Financing services business is principally engaged in provision of efficient financial leasing solutions and multiple consultancy services, to satisfy technology and new economy companies' demands for financial services at different stages of development. The financing services business is financed by the Group's internal resources. In view of the fast development and adjustment in the financing services business in the PRC in recent years and our high standard requirements and emphasis on risk assessment on customers, the current source of customers are mainly by referral of close business partners or customers with excellent credit records.

As at 31 December 2023, the Group has a total of 5 borrowers (2022: 7) with total outstanding loan principal and interest receivables in the sum of HK$360.1 million (2022: HK$511.9 million), which comprised of entrusted loans of HK$161.9 million (2022: HK$191.9 million) to 1 borrower (2022: 1), other loans of HK$198.2 million (2022: HK$320.0 million) to 4 borrowers (2022: 6). As at 31 December 2023, a sum of HK$161.9 million (2022: HK$287.6 million) was due from the largest borrower of the Group and an aggregate sum of approximately HK$360.1 million (2022: HK$503.8 million) was due from the five largest borrowers of the Group.

As at 31 December 2023, the ageing analysis of the Group's outstanding loan receivables based on the remaining contractual maturity date is set out below:

	2023		2022	
	HK$'million	***% of total***	*HK$'million*	*% of total*
Within one year	**201.4**	**55.9%**	458.6	89.6%
In the second year	**158.7**	**44.1%**	53.3	10.4%
Total	**360.1**	**100.0%**	511.9	100.0%

For the year ended 31 December 2023, the interest income from financing services business amounted to HK$25.2 million (2022: HK$25.6 million) which mainly comprised interest income from entrusted loans of HK$9.4 million (2022: HK$7.2 million) and interest income from other loans of HK$15.8 million (2022: HK$18.4 million).

The Group has provided business factoring services, specifically as receivables-based lending services in the PRC. In order to enhance its cashflow problem to meet its operation needs, trade receivables from customers are pledged to the Group to obtain a short term borrowings. The legal title of the receivables has not changed. Business factoring services are regulated by the Measures for the Supervision and Administration of Commercial Factoring Companies in Tianjin* (《天津市商業保理公司監督管理暫行辦法》). The Group did not provide any receivables-based lending services in 2023 and 2022.

The Group has provided entrusted loans to certain PRC customers. Entrusted loans are loans made to the customers, using a licensed bank as a servicing agent. The Group will pay the licensed bank a service fee and the credit risk is borne by the Group. Entrusted loans service is regulated by the Administrative Measures on Entrusted Loans of Commercial Banks* (《商業銀行委託貸款管理辦法》) issued by China Banking and Insurance Regulatory Commission* (中國銀行保監督管理委員會). During the year ended 31 December 2023, the entrusted loans are unsecured, interest rates are fixed at 5% per annum (2022: 5%) with terms of 1 to 2 years (2022: 1 year).

The Group had loan receivables provided to independent third parties. During the year ended 31 December 2023 and 31 December 2022, the major loan receivables are provided to an independent third party with principal of RMB190 million and RMB220 million respectively. The loan is unsecured, interest rate at 6% per annum with original expiry date in September 2023. Part of the loan with principal of RMB190 million had been extended for two years which will expire in September 2025. For further details, please refer to the Company's announcement dated 27 September 2023.

The Group had provided financial leasing services in the PRC for customers (from individuals to corporates) for equipment (ranging from office equipment, 3C equipment and motor vehicles). Financing lease services is regulated by the Interim Measures for the Supervision and Administration of Shanghai Finance and Leasing Companies* (《上海市融資租賃公司監督管理暫行辦法》). During the year ended 31 December 2022, financial leasing services interest rates are fixed and ranged from 5.5% to 10.0% per annum and terms of leases are ranged from 6 months to 5 years. The Group did not provide any financial leasing services in 2023.

As at 31 December 2023, loan receivables to independent third parties are unsecured, carried at fixed interest rate ranged from 4.0% to 6.0% (2022: 4.0% to 7.0%) per annum and will be matured in 2024 to 2025 (2022: 2023 to 2024). Due to the impacts on various sectors from the outbreak of the COVID-19 pandemic and the delay in resumption of work and production of the enterprises, we made continuous efforts to enhance risk management of the financial leasing and factoring business.

* For identification purpose only

Credit risk and impairment assessment

In order to minimize the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit rating system to assess the potential customer's credit quality and defines credit limits by customer. The internal credit rating system is a matrix of factors by performing background search and considering historical creditworthiness information, industry recognition. Credit risk of loans receivables, finance lease receivables, entrusted loans and receivables-based lending services are assessed individually. Collateral can be one of the ways to mitigate credit risk to certain extent, nevertheless, the Group mostly provides financing services based on the stringent credit assessment and puts more emphasis on the counterparties' ability to meet obligations out of their cash flows, income, net worth and historical credit records.

The Group has closely monitored the recoverability of the receivables to these counterparties, including considering the reasonableness and supportiveness of both available quantitative and qualitative information, ensured that adequate collateral is received from these counterparties and taken effective measures to ensure timely collection of outstanding balances. Effective measures include periodic visit to customers, regular updates of financial information and obtaining customer's future prospects.

Management has overall responsibility for the Group's credit policies and oversees the credit quality of the Group's receivables and loans portfolio. In addition, management reviews the recoverable amount of loan receivables individually at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

For the year ended 31 December 2023, the provision for impairment loss on loan receivables amounted to approximately HK$28.8 million (2022: HK$20.8 million), representing an increase of approximately HK$8.0 million. The net impairment loss was comprised of a reversal of impairment loss made for loan receivables categorised for entrusted loans of approximately HK$5.9 million (2022: an impairment loss of HK$6.8 million) and an impairment loss made for loan receivables categorised for other loans of approximately HK$34.7 million (2022: HK$14.0 million), respectively. The increase in the provision for impairment loss on loan receivables was mainly due to the fact that a higher expected credit loss rate is used due to the worsen macro-economic environment as at 31 December 2023. The Group applies general approach to provide for Expected Credit Loss for loan receivables prescribed by Hong Kong Financial Reporting Standard ("HKFRS") 9 Financial Instruments. Loans receivables are assessed individually by the management of the Group by reference to past default experience, current past due exposure of the debtor, the nature and prospect of the debtor's operation.

In determining whether there have been significant increases in credit risk, the following key criteria are taken into account:

(a) an actual or expected significant deterioration in the borrower's external (if available) or internal credit rating;

(b) significant deterioration in external market indicators of credit risk for the corporate borrower;

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

(d) an actual or expected significant deterioration in the operating results of the corporate borrower;

(e) significant increases in credit risk on other financial instruments of the same corporate borrower;

(f) an actual or expected significant adverse change in the regulatory, economic or technological environment of the borrower that results in a significant decrease in the borrower's ability to meet its debt obligations;

(g) status of the loan and interest receivables as at the reporting date, including any breach of contract such as a default or past due event as at the reporting date; and

(h) whether it is probable that the borrower will enter bankruptcy or other financial reorganisation.

A borrower will be regarded as credit-impaired if he/she is in default of the loan principal, or has entered bankruptcy or other financial reorganisation, or has severely delayed payments of the loan principal or interests.

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

AA Investment Management Limited ("AA Investment") is a wholly-owned subsidiary of the Company and is a Hong Kong-based wealth management and asset management company which holds Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) Licenses of the Securities and Futures Commission of Hong Kong ("SFC") to carry out regulated activities in the financing services sector.

AA Investment offers its retail and institutional clients a fully digital investment fund dealing and discretionary portfolio management services through different channels (mobile application and/or backend integration). In 2023, there was a significant downturn in global financial markets and rising recession risks. Looking ahead to 2024, AA Investment's management team will closely monitor market conditions and uncertainties. The team is committed to implementing prudent strategies that are in the best interests of clients.

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 shortterm 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.

JOINT VENTURE – ZHONGAN INTERNATIONAL (OR "ZATI")

ZA Tech Global Limited ("ZA Tech")

ZA Tech, a technology subsidiary of ZATI founded in 2018 and headquartered in Singapore, focuses on exporting new insurance core systems and digital insurance technology experience to overseas insurance companies and insurance intermediary platforms, aiming to provide a digital operating system for global Insurance + Technology ("InsurTech") digitalization. As of now, ZA Tech's footprints have covered regional markets such as Japan, Hong Kong, Southeast Asia, and Europe.

ZA Tech has unique cloud-native, modular, no-code/low-code digital solutions, including insurance core system, distribution system, customer data platform (CDP) and AI solutions, which provide a digital infrastructure to support all kinds of insurance business models, all insurance product lines (life insurance, health insurance, property and casualty insurance, etc.) and every part of the end-to-end insurance business value chain. The clients served by ZA Tech can be divided into two categories: insurance companies and Internet platforms. For insurance companies, Graphene, the next-generation distributed insurance core system ZA Tech built, can help customers connect with various ecosystem partners locally and launch fragmented and scenario-based insurance protection products that adapt to the local business. In 2023, ZA Tech has also updated its Graphene product baseline in all aspects. In the future, it can support the whole process of traditional insurance business from product configuration and launch, policy issuance and underwriting, to claim settlement, which is expected to reduce the IT expenses of the insurance core system by 30%-50% for insurance companies, and open up the huge market opportunity arising from the replacement of traditional insurance core systems around the world. For insurance companies in the early stage of digital transformation, ZA Tech provides lightweight SaaS insurance core system, Nano, which helps clients quickly build a core system for digital insurance products at a low cost, and help them achieve continuous improvement through trial-and-error in the process of digital transformation. For Internet platform clients, ZA Tech provides a low-code insurance distribution solution, Fusion, which helps Internet platforms provide more value-added services for their retail end users and improve the efficiency of traffic monetization.

The out-of-the-box and continuously upgraded SaaS solutions offered by ZA Tech support digital transformation of insurance companies, which minimized tech debt and version sprawl compared with traditional customized development methods. On the one hand, ZA Tech has achieved strong growth at the early stage of its operations by providing embedded InsurTech solutions and expertise in relevant fields for insurance companies and insurance intermediaries. On the other hand, ZA Tech has built long-term strategic partnerships with leading Internet platforms, such as Grab, Carro, OVO and Klook, which accelerated the positive cycle of business development. By leveraging the massive data and extensive customer network of the Internet platforms, ZA Tech sells insurance core system products to more insurance companies that cooperate with such platforms to achieve the flywheel effect of business growth.

In March 2023, ZA Tech reached a regional partnership with Home Credit, the largest consumer finance platform in Southeast Asia, to provide an insurance distribution solution, Fusion, for embedded insurance products (such as extended warranty for mobile phones and phone screen cracking insurance) in two markets, namely Indonesia and Vietnam. At the same time, by leveraging years of industry experience accumulated in embedded insurance and leading technology strength, it has realized the cross-selling to cooperative insurance companies of Home Credit and provided featherweight SaaS insurance core system, Nano, for Income Insurance Limited, a leading P&C insurer in Southeast Asia, further tapping the business potential in Southeast Asia.

In May 2023, ZA Tech completed the first replacement of claim module in Graphene, and officially launched small ticket size claim module for Prudential Thailand. The launch of this claim module in Graphene will enhance the service capabilities of Prudential for claims of small amounts, and improve its customer satisfaction of online small claims. At the same time, it also marked a staged success of the separate sale of functional modules, thus opening up greater room for ZA Tech’s further repeat sales.

In July 2023, ZA Tech's core system product, Graphene, successfully entered the traditional core business system segment as it was exported to one of the leading insurance companies in Central and Eastern Europe, to assist the client in realizing the full coverage of traditional auto insurance end-to-end functions, which is available in five countries in the European market without limits and can be quickly replicated and launched. In the future, Graphene will support the whole-process functions (including policy issuance, check, claim settlement and finance) of the client's auto insurance in the five European countries, as well as the flexible policy issuance and renewal process for different scenarios of To C/To A business, and the claim settlement process for small amount and quick claims and standard loss assessment cases. In addition, it will support negotiation with group customers on a case-by-case basis and collect payments in batches. The traditional insurance core system replacement project is an important milestone in the development of ZA Tech. In the future, ZA Tech will continue to upgrade and evolve its cloud-based traditional insurance core baseline, and explore the huge market opportunity arising from the replacement of insurance core systems around the world.

ZA Tech recorded revenue from technology export of RMB325 million in 2023, representing an increase of 8.0% as compared with the corresponding period of 2022, of which sustainable revenue accounted for 51%, and the gross profit margin increased to 46% from 40% in 2022.

Virtual Bank and Virtual Insurance in Hong Kong

ZA Bank Limited ("ZA Bank"), a subsidiary of ZhongAn International and a virtual bank in Hong Kong, became one of the first banks in Hong Kong having been granted a virtual banking license on 27 March 2019, and officially commenced operation on 24 March 2020. ZA Bank aims to build a local one-stop digital financial service platform in Hong Kong to provide diversified, convenient and inclusive financial services to retail customers and SMEs.

At present, ZA Bank has become one of the most comprehensive virtual banks in the Hong Kong market, building a one-stop integrated financial service platform through its mobile app, which operates in a fully digitalized mode, and providing users with 24/7 digital banking services such as deposits, loans, transfers, consumption, foreign exchange, insurance, investment and business banking.

Despite the challenging macro-environment this year, ZA Bank continued to be a major player in Hong Kong's banking industry. One in ten Hong Kong adults is a ZA Bank user, and one in four young people aged 18-29 in Hong Kong holds a ZA Card. By the end of 2023, the ZA Bank App has been ranked as the highest-rated retail banking app on Hong Kong's Google Play. Meanwhile, as the first virtual bank in Hong Kong to cross the HK$10 billion mark in customer deposits, ZA Bank is proud to have been ranked first in Asia in Sia Partners 2023 International Mobile Banking Benchmark, while retaining the 6th position globally.

On the retail banking side, in addition to traditional banking products and services, ZA Bank offers innovative gamification experiences through continuous development and iteration to improve users' activeness. ZA Bank is now available for online account opening for Mainland China visitors in Hong Kong.

ZA Bank became the first virtual bank in Hong Kong to be granted a Type 1 regulated activity (dealing in securities) license by the SFC in January 2021, and has been actively expanding its product matrix for investment business since then. ZA Bank officially launched investment fund services in August 2022, and has since collaborated with top international fund managers, including Invesco, Allianz Global Investors and J.P. Morgan Asset Management, to successfully onboard over 100 investment fund products. As at 31 December 2023, retail users' assets under management amounted to nearly HK$1 billion.

ZA Bank officially launched its US stock trading services in February 2024 to Hong Kong users. With exposure to the world's largest stock market in terms of capitalization, ZA Bank users can capture the growth potential in some of the most valuable and influential companies across the globe. This marks another key milestone for ZA Bank in its commitment to creating a one-stop digital finance platform for users.

On the business banking side, in order to further promote the concept of financial inclusion in Hong Kong and facilitate the FinTech transformation in Hong Kong's banking industry, ZA Bank officially launched the express online corporate account opening (e-onboarding) service on 1 April 2023, providing local SME clients with a fast account opening experience, helping them to address their pain points and seize market opportunities. ZA Bank's fast account opening enables clients to complete the application in as fast as 6 minutes and open an account in as fast as 2 hours.

As at 31 December 2023, ZA Bank had a deposit balance of approximately HK$11,700 million. Gross loan balance was approximately HK$5,430 million, with a loan-to-deposit ratio of 46.4%. Meanwhile, benefiting from the interest rate hike cycle and the diversification of loan products, ZA Bank's net interest margin further improved to 1.94% from 1.84% in the corresponding period of 2022. During the reporting period, with the launch of new products, ZA Bank recorded net revenue of approximately HK$366 million, representing a year-on-year increase of 42.9%, of which non-interest income accounted for approximately 28.3%. Meanwhile, ZA Bank focused on business quality and operating efficiency improvement, and the net loss margin narrowed by approximately 85.6 percentage points to 109.1% from 194.7% in the corresponding period of 2022.

In terms of technology, ZA Bank as a leading digital bank, has successfully relocated its core system to the "Cross-cloud cross-tenant (跨雲雙活)" cloud-based infrastructure, thereby providing users with more durable, scalable and resilient 24/7 banking services.

ZA Bank also capitalizes on opportunities emerging from the development of Web3 and actively plans related businesses in the field. In April 2023, ZA Bank unveiled its "Banking for Web3" vision, which sets out its commitment to leverage technology to promote the integration of traditional banking services and the Web3 world. The bank seeks to actively support the development plan of the HKSAR government, and participate in the building of a vibrant virtual asset industry and ecosystem.

ZA Bank is the banking partner and settlement bank for Hong Kong-licensed virtual asset exchanges such as HashKey Exchange, providing convenient fiat currency deposit and withdrawal services. ZA Bank is also the only virtual bank selected for the e-HKD Pilot Programme Phase 1 launched by the Hong Kong Monetary Authority, partnering with leading enterprises in a cross-industry consortium to test and simulate e-HKD and explore the application of a secured lending product backed by tokenized real assets.

In terms of virtual insurance business, ZA Life Limited ("ZA Life" or "ZA Insure") is dedicated to offering affordable insurance services, and providing users with insurance products and services that "everyone can afford" through its 24/7 online platform, including life insurance, Voluntary Health Insurance Scheme, cancer insurance, accident insurance and heart attack and stroke insurance. Since 2022, ZA Insure has continuously deepened the bancassurance partnership with ZA Bank and launched "ZA Savings Insurance" series in the ZA Bank App to provide fundamental protections for users' health and wealth. During the reporting period, ZA Life achieved GWP of HK$214 million.

PROPERTY RENTAL

For the year ended 31 December 2023, total rental income amounted to HK$166.0 million, representing a decrease of 5.8% as compared to last year. At a post-COVID period since early 2023, the economy had not yet recovered as expected, and it is still a hard period for the property industry. We have lowered our unit rental to renew our existing tenants and to attract new tenants. This lowered rental and the low occupancy rate for our office portion of Sinolink Tower are the main reasons for the decrease in total revenue.

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 the Luohu district in 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.

For the year ended 31 December 2023, the occupancy rate of the office portion of *Sinolink Tower* was approximately 24%. Tenants are mainly engaged in jewelry, investment and real estate business.

O Hotel, the Group's first hotel that is dedicated to delivering a personalised experience, has 188 rooms and suites, a trendy restaurant, a specialty coffee shop, a premium fitness club and other facilities. During the year, the hotel continued to operate in a challenging business environment. At the post-COVID period, the occupancy rate increased progressively but still at a low level. The management has adopted measures for more stringent cost control and better services to improve the overall performance of the hotel.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2023, the Group has the following properties under development:

1. Rockbund

Located in the Bund in Shanghai, *Rockbund* is an integrated property project jointly developed by the Group and The Rockefeller Group International, Inc. The project has a total site area of 18,000 square meters with a GFA of 94,080 square meters, and comprises of the repairs and operation of heritage buildings, and the construction of some new structures. The Group has proceeded 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 already commenced operation and have been leased out. The foundation of the new building structures have been completed, with structural works well under way. The entire project had commenced operations gradually since the completion of the construction in 2023.

2. Ningguo Mansions

Located in the Changnin District of Shanghai, *Ningguo Mansions* is a residential project currently in the construction and inspection phase. The project, with a total site area of 13,600 square metres and a plot ratio of 1.0, will be developed into 11 quadrangle courtyards 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 neighborhoods 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 is undergoing subsequent improvement and inspection. Later, appropriate operational arrangements will be made based on market demand and the actual conditions.

OTHER BUSINESSES

Other businesses within the Group include property, facility and project management services. For the year ended 31 December 2023, the Group recorded a revenue of HK$169.5 million from other businesses, representing a decrease of 5.0% as compared to last year.

MAJOR ASSOCIATE – ROCKFELLER GROUP ASIA PACIFIC, INC.

The Group's investment in Rockfeller Group Asia Pacific, Inc. ("RGAP") has recognised a net loss of HK$37.9 million (2022: HK$14.5 million), representing current year fair value loss of HK$285.4 million (2022: HK$202.2 million) and reversal of portion of share of loss of HK$247.5 million (2022: HK$187.7 million), in respect of investment in RGAP being recognised in the profit or loss during the year ended 31 December 2023.

A fair value loss of HK$285.4 million (2022: HK$202.2 million) is recognised in current year's profit or loss stemming from loan receivable and amounts due from RGAP (which constituting as part of the total investment in RGAP).

According to Hong Kong Accounting Standard 28 "Investments in Associates", when the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Accordingly, for the year ended 31 December 2023, the Group recorded reversal of share of loss of an associate, RGAP, of HK$247.5 million (2022: HK$187.7 million), in respect of the *Rockbund* project.

LOAN RECEIVABLE FROM AN ASSOCIATE

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 recognised 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 of the Company 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 an associate represents an investment in the project of RGAP; hence this amount is not held within a business model whose objective is to collect contractual cash flows. The loan receivable from an associate is measured at fair value through profit or loss. The directors of the Company assessed the fair value of the loan an associate from associates by taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate.

As at 31 December 2023, 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$285.4 million (2022: HK$202.2 million) for the year ended 31 December 2023.

SIGNIFICANT INVESTMENT

As at 31 December 2023, total equity instruments at fair value through other comprehensive income amounted to HK$1,574.6 million (2022: HK$1,883.2 million), mainly representing that of ZhongAn Online owned by the Group of approximately HK$1,445.0 million (2022: HK$1,741.5 million), which was measured at fair value at the end of this reporting period. As at 31 December 2023, the significant investment of the Group is as follows:

	Number of shares* held as at 31 December 2023	Percentage of shareholding as at 31 December 2023 %	Unrealised fair value loss recognised in other comprehensive income for the year ended 31 December 2023 HK$'000	Realised fair value gain/(loss) recognised in other comprehensive income for the year ended 31 December 2023 HK$'000	Dividends received for the year ended 31 December 2023 HK$'000	Approximate percentage of the Group's total assets as at 31 December 2023 %	Cost of investment HK$'000	Market value as at 31 December 2023 HK$'000
Hong Kong listed shares								
Hong Kong listed shares - ZhongAn Online (Stock code: 6060)	81,000,000	5.51	(204,734)	–	–	13.2	92,000	1,445,040

* The Group held 81,000,000 publicly-traded H shares of ZhongAn Online that subject to lock-up mechanisms. The lock-up of 62,057,778 H shares of ZhongAn Online will expire in December 2024.

ZhongAn Online is an online Insurtech company, incorporated in the PRC with limited liability and is a joint stock company engaged in FinTech business, which provides internet insurance services, insurance information technology services and online banking services to customers.

The performance and prospects of the Group's significant investment during the year are detailed below:

During the year ended 31 December 2023, the gross written premiums of ZhongAn Online was approximately RMB29,684 million, a year-on-year increase of approximately 23.66%; the net profit attributable to owners of the parent company was approximately RMB4,078 million, as compared to a loss attributable to owners of the parent company of RMB1,112 million (restated) for the corresponding period in 2022.

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.

As the first internet-based Insurtech company in China, ZhongAn Online upheld the mission of "empowering the finance business with technologies and providing insurance services with a caring hand". ZhongAn Online embraced the two-winged growth strategy of "Insurance + Technology", and adhered to integrating technologies into the whole insurance value chain. By empowering the insurance value chain with technologies and adopting an ecosystem-oriented approach, ZhongAn Online focuses on the Internet life from the customer end through self-operated channels and over 300 platforms operated by its ecosystem partners, in order to meet the diversified protection demands of customers and create value for them. ZhongAn Online proved and upgraded its technology strength in the operation of its insurance business, and aims to enable the Internet insurance industry chain to export Insurtech and facilitate the digital transformation of the industry.

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

PROSPECTS

In China, the 2023 growth recovery is looking very different from past cycles. While the property market has historically led the cycle, in 2023 it is still in de-leveraging mode. Although, after the exit from COVID Zero and lifting of lockdown restrictions in 2023, many enterprises, especially in the service sector, did usher in prosperity in the early days after the lockdown was lifted. However, the effect of economic restart soon faded, followed by intensifying turmoil in the estate market. Service sector employment is far below pre-COVID levels across wholesale/retail, restaurants, hospitality, construction, business services, as well as new economy sectors like rental and delivery. Sectors such as property, exports and infrastructure are facing more headwinds. The property sector is still de-leveraging. Although some pockets of the market (such as secondary sales and a few tiers 1 and 2 cities) have shown signs of tentative stabilization in transaction volumes, the recovery is still far from broad-based. The export sector is more cyclically exposed and has room to slow further if expectations for U.S. recession and global slowdown materializes. Last but not least, infrastructure investment has held up relatively well, while on the ground construction activity has meaningfully lagged. Given the push for more fiscal discipline, the odds for a big fiscal stimulus are low. Balancing the consumption recovery with the headwinds, we expect GDP growth to be approximately 5%-6% in 2024.

Despite the cyclical recovery and headwinds in the economy, the Chinese government remains quite focused on making sure the economy stays on track for the carbon reduction goals. Local governments are assessed and monitored on energy consumption targets. The overall regulatory structure around emissions, pollution control and energy efficiency has gradually tightened up over the last few years. So, the curbs and controls around highly polluting and energy-intensive industrial activities such as metals and mining industries may well get even tougher in the coming years. From an overall perspective, these supply-side changes are putting upward pressure on costs, and the overall impact on prices has been very limited due to the housing sector slump and frequent price intervention from regulators. The overall green transition will likely entail significant further investment in electrification and related infrastructure, but as it is taking place over many years, the cyclical impact will likely dominate.

In terms of inflation, the international economy is still operating below potential output and the overall inflationary pressures are low. In particular, in the second half of 2023, China's consumer price index (CPI) fell by 0.8% year-on-year in January 2024, leading to deflation. Although China has recorded negative CPI for several months in a row, we believe that China's CPI has reached the bottom of the cycle and has not yet fallen into a "deflationary spiral".

In addition, 2024 is a presidential election year, and the intensity of the election could be even greater than in 2020. It cannot be ruled out that there will be some excesses and chaos in American society, which is also a disturbance to confidence in economic activities.

Looking forward to 2024, global inflationary pressure is gradually recovering as the world economy gradually returns to stability and policy effects emerge. Inflation easing has allowed countries to shift away from monetary tightening. The United States is expected to have the opportunity to enter a rate-cutting cycle in 2024. The U.S. dollar is likely to weaken following the U.S. interest rate, and the RMB will rise relatively in the market outlook, which will provide China with greater room for policy stimulus and have a positive impact on the Chinese economy. Domestic residents' income is expected to maintain steady growth, strongly supporting the improvement of residents' consumption power. In addition, with the integrated development of urban and rural areas, the advancement of urbanization process and the continued upgrading of the consumption structure, consumption is expected to maintain good growth. However, the continued weakness in the real estate industry and external demand still brings uncertainties to consumption growth. China's macroeconomic policy support is expected to continue to increase, thereby industrial upgrading is expected to continue to deepen. Overall, China's economic recovery and long-term positive trend remain unchanged.

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 have 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 will 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 promote the Group's stable business development and bring long-term values for shareholders.

FINANCIAL REVIEW

During the year ended 31 December 2023, total revenue of the Group was HK$360.8 million (2022: HK$380.4 million), decreasing by 5% as compared to last year. At a post-COVID period since early 2023, the economy had not yet recovered as expected, and it is still a hard period for the property industry. We have lowered our unit rental to renew our existing tenants and to attract new tenants. This lowered rental and the low occupancy rate for our office portion of *Sinolink Tower* are the main reasons for the decrease in total revenue.

Other income decreased to approximately HK$95.7 million (2022: HK$130.5 million). The decrease was mainly due to the decrease in interest income from other financial assets at FVTPL.

The Group recorded a net other gains of approximately HK$0.6 million for the year ended 31 December 2023 (2022: net other losses of HK$33.6 million). The net other gains for the year was mainly contributed from the gains on disposal of property, plant and equipment during the year.

The total operating costs (including cost of sales, selling and administrative expenses) for the year ended 31 December 2023 was approximately HK$267.9 million (2022: HK$290.9 million), representing a decrease of approximately 8%. This was due to the cost control measures implemented by the Group on the overall operating expenses for the year.

The Group recorded an impairment loss on financial assets of approximately HK$28.8 million (2022: HK$20.8 million), as a higher expected default rate was used due to the worse macro-economic environment as at 31 December 2023.

The Group recorded a significant fair value loss of the investment properties of approximately HK$253.5 million (2022: HK$11.5 million), mainly contributed by the capital depreciation of our commercial property portfolio and car parks located in the PRC for rental.

The Group recognised finance costs of approximately HK$87.1 million (2022: HK$46.0 million). The increase was mainly due to the increase in average bank borrowings and the increase in interest rate during the year.

The Group recorded loss attributable to the owners of the Company of HK$278.2 million for the year ended 31 December 2023, compared to HK$142.4 million (restated) for last year. This was mainly due to the various factors outlined above and the net effects of the following factors:

(i) a significant fair value loss of the investment properties of approximately HK$253.5 million (2022: HK$11.5 million);

(ii) a decrease in net fair value losses on other financial assets at fair value through profit or loss of approximately HK$2.3 million (2022: HK$109.4 million);

(iii) a significant decrease of share of results of investments accounted for using the equity method from a loss of HK$59.9 million (restated) to a gain of HK$29.6 million; and

(iv) gain on dilution of investments accounted for using the equity method of approximately HK$132.0 million (2022: HK$183.6 million).

The Group's total borrowings was HK$1,565.7 million as at 31 December 2023 (2022: HK$1,153.6 million). The borrowings of the Group are denominated in HK$ and are interested at floating rate. They were due for repayment within the following periods:

	2023	2022
	HK$'million	*HK$'million*
Within 1 year	**1,345.7**	102.9
After one year but within 2 years	**11.0**	1,050.7
After 2 years but within 5 years	**209.0**	—
Total	**1,565.7**	1,153.6

The management of the Group will continue to evaluate and closely monitor the borrowing portfolio and interest rate risks of the Group, and may consider taking appropriate measures to hedge material interest rate risks when necessary.

CHARGE OF ASSETS

As at 31 December 2023, pledged bank deposits of HK$1,651.9 million (2022: HK$1,164.7 million) and investment properties of HK$441.5 million (2022: HK$516.2 million) were pledged to banks to secure general banking facilities granted to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group's gearing ratio, calculated on the basis of total borrowings over shareholders' equity, was 25.2% as compared with 17.3% as at 31 December 2022. The Group remained financially strong with a net cash position.

The Group's cash and bank balances (including bank deposits, pledged bank deposits, and cash and cash equivalents) amounted to HK$2,648.5 million as at 31 December 2023 (2022: HK$2,704.6 million), mostly denominated in RMB, HK$ and USD. As at 31 December 2023, the Group has undrawn borrowing facilities of HK$152.8 million (2022: HK$376.4 million) which will expire within one year.

The Group funds its operations and capital commitments by internal resources, bank borrowings and can be further funded by the potential undrawn borrowing facilities.

We have continued to maintain a healthy and sound financial position and have followed a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved.

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Group operate in the PRC with most of the transactions in relation to operations are denominated and settled in RMB. Fluctuations of RMB exchange rates would impact the Group's net asset value in the preparation of the Group's consolidated accounts. If RMB appreciates/depreciates against HK$, the Group would record a(n) increase/decrease in the Group's net asset value. During the year ended 31 December 2023, in respect of the Group's exposure to potential foreign exchange risks arising from the currency exchange rate fluctuations, it did not make any arrangement or use any financial instruments to hedge against potential foreign exchange risks. However, the management will continue to monitor foreign exchange risks and adopt hedging measures where necessary.

CAPITAL COMMITMENTS

As at 31 December 2023, the Group had commitments of HK$32.2 million (2022: HK$36.8 million) in respect of properties under development.

CONTINGENT LIABILITIES

As at 31 December 2023, guarantees offered to banks as security for the mortgage loans arranged for the Group's property buyers amounted to HK$3.0 million (2022: HK$7.1 million).

EVENT AFTER THE REPORTING PERIOD

Subsequent to 31 December 2023, ZhongAn International has issued 28,952,667 shares to the other shareholder of ZhongAn International, and thus, the Group's equity interests in ZhongAn International further decreased from 45.53% to 45.08%.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed approximately 627 full time employees for its principal activities. The Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

AUDIT COMMITTEE

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

The annual results of the Group for the year ended 31 December 2023 had been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "AGM") was scheduled to be held on Thursday, 30 May 2024. The notice of AGM will be published on the Company's website at www.sinolinkhk.com and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

The register of members of the Company will be closed from Monday, 27 May 2024 to Thursday, 30 May 2024, both days inclusive, during which period no share transfer will be effected. In order to identify the entitlement for attending the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 24 May 2024.

PROFILES OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Xiang Ya Bo, aged 67, was appointed as the chairman of the board of directors of the Company (the "Chairman") and a member of remuneration committee and nomination committee of the Company on 28 June 2017. He was appointed as an executive director of the Company in 2011 and the chief executive officer in August 2013. Mr. Xiang is the chairman and the general manager of Sinolink Properties Limited, a subsidiary of the Company. He is a brother of Mr. Ou Yaping, a non-executive director and a substantial shareholder of the Company and is an uncle of Mr. Ou Jin Yi Hugo, a non-executive director of the Company. He graduated with an engineering degree. Mr. Xiang has over 38 years of experience in the field of corporate management, investment management and technical administration on computer technologies and e-commerce. Mr. Xiang has not held any directorship in other listed public companies in the past three years.

Mr. Chen Wei, aged 62, was appointed as an executive director of the Company in December 1997. He holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the People's Republic of China (the "PRC"). Mr. Chen was previously employed by a number of large organisations and has over 38 years of experience in engineering, business administration, market development and management. Mr. Chen joined the Group in February 1992 and is responsible for the overall business development, management and strategic planning of the Group. Mr. Chen has not held any directorship in other listed public companies in the past three years.

NON-EXECUTIVE DIRECTORS

Mr. Ou Jin Yi Hugo, aged 32, was appointed as a non-executive director of the Company in January 2016. He was appointed as a non-executive director of ZhongAn Online P & C Insurance Co., Ltd. (Stock Code: 6060) ("ZhongAn Online"), a company whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), in July 2017 and was re-designated as an executive director on 27 November 2017 and was re-designated as a non-executive director on 28 November 2022. He is also a member of nomination and remuneration management committee of ZhongAn Online. He obtained a Bachelor's degree in East Asian Studies from Princeton University. Mr. Hugo Ou worked as an associate of the investment team at Thrive Capital. Mr. Hugo Ou had served as an investment manager and the deputy director of the Corporate Development Department of the Company from 2010 to 2012 and 2012 to 2015, respectively. He has extensive experience in reviewing residential and commercial property development deals in the United States and portfolio managing of public and private equities, including stocks, bonds, startups, and private equity firms. Mr. Hugo Ou is a son of Mr. Ou Yaping who is a non-executive director and substantial shareholder of the Company. Mr. Hugo Ou is also a nephew of Mr. Xiang Ya Bo, the Chairman, chief executive officer and an executive director of the Company. Save as disclosed above, Mr. Hugo Ou has not held any directorship in other listed public companies in the past three years.

Mr. Ou Yaping, aged 62, was appointed as the Chairman and an executive director of the Company in December 1997, and in August 2013 he was re-designated as a non-executive director and resigned as the Chairman and a member of remuneration committee of the Company. Mr. Ou is the founder of the Group and the substantial shareholder of the Company. He has been served as the Chairman of ZhongAn Online, a company whose shares are listed on the Stock Exchange, since November 2013 to December 2023, and had been an executive director between November 2013 and November 2022 and was redesignated as a non-executive director of ZhongAn Online in November 2022. Mr. Ou holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC with over 30 years of experience in investing and corporate management. Mr. Ou is a brother of Mr. Xiang Ya Bo, an executive director, the Chairman and chief executive officer of the Company and the father of Mr. Ou Jin Yi Hugo, a non-executive director of the Company. He is also the director and shareholder of Asia Pacific Promotion Limited, a substantial shareholder of the Company, whose interest in shares of the Company is disclosed in the section of "Substantial Shareholder and Other Persons" in this annual report. Save as disclosed above, Mr. Ou has not held any directorship in other listed public companies in the past three years.

Mr. Tang Yui Man Francis, aged 61, is a non-executive director of the Company. He was initially appointed as an executive director of the Company in September 2001 and the chief executive officer in 2002, and subsequently ceased to act as chief executive officer and was appointed as the Chairman and a member of the remuneration committee of the Company in August 2013. Mr. Tang was also further appointed as a member of nomination committee of the Company since 27 March 2012. Mr. Tang was subsequently re-designated as a non-executive director of the Company and ceased to act as the Chairman, a member of each of the remuneration committee and nomination committee of the Company on 28 June 2017. He is currently a director of Sinolink Properties Limited, a subsidiary of the Company. Mr. Tang holds a Bachelor's degree in Computer Studies from the University of Victoria in Canada and a Master of Business Administration degree from The City University of New York in the United States. Mr. Tang has numerous years of experience in management, accounting and finance. Mr. Tang has been responsible for corporate planning, strategic development and financial planning and management of the Group since 2001. Mr. Tang has not held any directorship in other listed public companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chen Hui, aged 58, was appointed as an independent non-executive director of the Company on 31 May 2023. She is also a member of audit committee, nomination committee and remuneration committee of the Company. She obtained a bachelor's degree in business management and a master's degree in business management from Shanghai JiaoTong University (上海交通大學) in June 1988 and January 1991, respectively. She served as the chief financial officer from May 2021 to December 2022, and has been serving as the chief compliance officer since February 2020, respectively, at H World Group Limited (華住集團有限公司), previously known as Huazhu Group Ltd., the shares of which are listed on the Stock Exchange (Stock Code: 1179). She was chief financial officer at Home Inns Group (如家酒店集團) from March 2003 to May 2006. She was the financial controller of Beijing Ctrip International Travel Agency Limited* (北京攜程國際旅行社有限公司) from December 1999 to February 2003. Ms. Chen served as independent non-executive director of ZhongAn Online, the shares of which are listed on the Stock Exchange from December 2016 to November 2022. Ms. Chen has not held any directorship in other listed public companies in the past three years.

Mr. Tian Jin, aged 66, was appointed as an independent non-executive director of the Company in May 2005. He is also a member of audit committee and chairman of nomination committee of the Company. Mr. Tian holds a Bachelor of Arts from Hunan University, Master of Arts from Wuhan University and Doctorate in Administration and Management from Auburn University. He is the Principal of Tur Partners LLC effective from 14 November 2011. Before joining Tur Partners LLC, Mr. Tian served as CEO of Morningstar Asia and chairman of Morningstar China and was a lecturer of Hunan University, visiting professor of Auburn University, director of Academic Technology Development of DePaul University, director of Institutional Planning and Research of DePaul University. Mr. Tian has not held any directorship in other listed public companies in the past three years.

Mr. Xin Luo Lin, aged 75, was appointed as an independent non-executive director of the Company in June 2002. He is also the chairman of audit committee and remuneration committee and a member of nomination committee of the Company. Mr. Xin is a postgraduate from the Peking University in PRC. He was a research associate at the Waseda University in Japan, an honorary research associate at the University of British Columbia, Canada and a visiting fellow at the University of Adelaide, Australia from 1984 to 1985. He was appointed as a Justice of the Peace in New South Wales of Australia in 1991. Mr. Xin is a co-author of a book titled "China's iron and steel industry policy: implications for Australia". Mr. Xin is also an independent non-executive director, chairman of remuneration committee and member of audit committee and nomination committee of Central China Real Estate Limited (Stock Code: 832) and an independent non-executive director, member of audit committee, remuneration committee and nomination committee of Beijing Sports and Entertainment Industry Group Limited (Stock Code: 1803), all are listed companies on the Stock Exchange. Mr. Xin is a director of Daikokuya Holdings Co., Ltd., a public company listed on the Tokyo Stock Exchange (Tokyo Stock Code: 6993). Save as disclosed above, Mr. Xin has not held any directorship in other listed public companies in the past three years.

Note: The Group's businesses are under the direct responsibility of the above executive directors who are the senior management of the Company.

* *For identification purpose only*

REPORT OF DIRECTORS

The directors of the Company (the “Directors”) present their report and the audited consolidated financial statements for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and investments accounted for using the equity method are set out in notes 39 and 17 respectively to the financial statements.

BUSINESS REVIEW

A fair review of the business of the Company and a discussion and analysis of the Group’s performance during the year and the material factors underlying its results and financial position as well as the outlook of the Company’s business are provided in the “Chairman’s Statement” and “Management Discussion and Analysis” from pages 2 to 3 and pages 4 to 19 of this annual report. An analysis of the Group’s performance during the year using financial key performance indicators is provided in the Financial Summary on pages 167 of this annual report. Description of the principal risks and uncertainties facing the Company can be found throughout this annual report particularly in note 3 to the consolidated financial statements and the “Management Discussion and Analysis” from pages 4 to 19 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

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

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

A report containing the prescribed information of environmental, social and governance matters will be published on the Company’s website at the same time of publication of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

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

During the year ended 31 December 2023 and up to the date of this report, the Group has complied in material aspects in the relevant applicable laws and regulations that have a significant impact on the businesses and operations of the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss on page 63 of the annual report.

No interim dividend (2022: Nil) was paid to the shareholders of the Company during the year.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 67 to 68 of this annual report.

The Company's reserves available for distribution to shareholders of the Company as at 31 December 2023 amounted to HK$712,490,000 (2022: HK$520,484,000).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the last five financial years is set out on pages 167 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTIES

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

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 30 to the consolidated financial statements.

DIRECTORS

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

Executive Directors:

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

Non-executive Directors:

Ou Jin Yi Hugo
Ou Yaping
Tang Yui Man Francis

Independent Non-executive Directors:

Chen Hui (appointed on 31 May 2023)
Tian Jin
Xin Luo Lin
Xiang Bing (retired on 31 May 2023)

In accordance with Bye-law 87(1) of the Bye-laws, each of Mr. Chen Wei, Mr. Ou Yaping, Mr. Tian Jin and Mr. Xiang Ya Bo will retire by rotation at the forthcoming annual general meeting (the "AGM"). Mr. Tian Jin, the retiring Director will, being eligible, offer himself for re-election. Mr. Chen Wei, Mr. Ou Yaping and Mr. Xiang Ya Bo will not offer themselves for re-election and shall retire from office respectively as an executive Director, as a non-executive Director and as an executive Director, the Chairman and Chief Executive Officer with effect from the conclusion of the AGM. Each of Mr. Chen Wei, Mr. Ou Yaping and Mr. Xiang Ya Bo has confirmed that he has no disagreement with the Board and there are no other matters that need to be brought to the attention of the shareholders in relation to his retirement. A resolution will be proposed at the AGM to appoint Mr. Ou Jin Yao Norris as a non-executive Director. Please refer to the circular to shareholders dated 30 April 2024 for details.

The Company has received annual confirmation from each of the Independent Non-executive Directors as regards their independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company considers that each of the Independent Non-executive Directors is independent to the Company.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND SHARE OPTIONS

As at 31 December 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company were as follows:

Long positions in shares or underlying shares of the Company

Name of Directors	Capacity	Interest in shares: Personal interest	Corporate interest	Family interest	Total interest in shares	Interest in underlying shares pursuant to share options	Aggregate interest	Approximate percentage of the issued shares of the Company as at 31.12.2023
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	–	3,272,309,301 (Note)	13,113,738	3,285,423,039	–	3,285,423,039	51.54%
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 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 3,272,309,301 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.

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

Save as disclosed above, as at 31 December 2023, none of the Directors or chief executives of the Company had, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation or any interests which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO.

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

Pursuant to the Company's share option scheme adopted in 2012, the Company has granted to certain Directors of the Company options to subscribe for the shares of the Company, details of which as at 31 December 2023 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price *HK$*	Number of shares subject to outstanding options as at 1.1.2023	Number of shares subject to outstanding options as at 31.12.2023	Approximate percentage of the issued shares of the Company as at 31.12.2023
Chen Wei	15.05.2015	15.11.2015-14.05.2025	1.185	1,734,000	1,734,000	0.027%
		15.05.2016-14.05.2025	1.185	1,734,000	1,734,000	0.027%
Tang Yui Man Francis	15.05.2015	15.11.2015-14.05.2025	1.185	20,230,000	20,230,000	0.317%
		15.05.2016-14.05.2025	1.185	20,230,000	20,230,000	0.317%
Tian Jin	15.05.2015	15.11.2015-14.05.2025	1.185	1,156,000	1,156,000	0.018%
		15.05.2016-14.05.2025	1.185	1,156,000	1,156,000	0.018%
Xiang Ya Bo	15.05.2015	15.11.2015-14.05.2025	1.185	20,230,000	20,230,000	0.317%
		15.05.2016-14.05.2025	1.185	20,230,000	20,230,000	0.317%
Xin Luo Lin	15.05.2015	15.11.2015-14.05.2025	1.185	1,156,000	1,156,000	0.018%
		15.05.2016-14.05.2025	1.185	1,156,000	1,156,000	0.018%

Notes:

1. The vesting period of the share options is from the date of grant until the commencement date of the exercise period.
2. These options (being physically settled unlisted derivatives) represent personal interest held by the Directors as beneficial owners.

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

SHARE OPTION SCHEMES OF THE COMPANY

(A) 2012 Share Option Scheme

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. The 2012 Share Option Scheme expired on 16 May 2022. No further options shall thereafter be offered under the 2012 Share Option Scheme but the options which had been granted during its life shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2012 Share Option Scheme shall remain in full force and effect.

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

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

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

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

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

A total of 637,400,309 shares (representing approximately 10% of the existing issued shares of the Company), as refreshed by shareholders at the annual general meeting held on 28 May 2021. A total of 124,848,000 shares (representing approximately 1.96% of the existing issued shares of the Company as at the date of annual report) may be issued upon exercise of all options which had been granted and yet to be exercised under the 2012 Share Option Scheme.

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price *HK$*
2015A Option	15.05.2015	15.11.2015-14.05.2025	1.185
	15.05.2015	15.05.2016-14.05.2025	1.185
2015B Option	15.05.2015	15.11.2015-14.05.2025	1.185
	15.05.2015	15.05.2016-14.05.2025	1.185
	15.05.2015	15.11.2016-14.05.2025	1.185

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

	Option types	Outstanding at 1.1.2023	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2023
Category 1: Directors						
Chen Wei	2015A Option	3,468,000	–	–	–	3,468,000
Tang Yui Man Francis	2015A Option	40,460,000	–	–	–	40,460,000
Tian Jin	2015A Option	2,312,000	–	–	–	2,312,000
Xiang Bing (Note 3)	2015A Option	2,312,000	–	–	2,312,000	–
Xiang Ya Bo	2015A Option	40,460,000	–	–	–	40,460,000
Xin Luo Lin	2015A Option	2,312,000	–	–	–	2,312,000
Total for Directors		91,324,000	–	–	2,312,000	89,012,000
Category 2: Employees						
	2015B Option	40,460,000	–	–	4,624,000	35,836,000
Total for employees		40,460,000	–	–	4,624,000	35,836,000
All categories		131,784,000	–	–	6,936,000	124,848,000

Notes:

1. The vesting period of the share options is from the date of grant until the commencement date of the exercise period.
2. During the year, no options were granted, exercised or cancelled under the 2012 Share Option Scheme.
3. Dr. Xiang Bing retired on 31 May 2023.

(B) 2022 Share Option Scheme

A new share option scheme was adopted by shareholders of the Company at the annual general meeting on 31 May 2022 (the "2022 Share Option Scheme"), under which the Board may, at its discretion, offer any employees of the Group or any directors of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2022 Share Option Scheme has a life of 10 years from 31 May 2022.

The 2022 Share Option Scheme is a share incentive scheme and is established to enable the Group to: (i) recognise and acknowledge the contributions that Eligible Persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible quality of employees and other Eligible Persons; (iii) motivate the Eligible Persons to optimise their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to Eligible Persons.

The Eligible Persons include (a) any full time or part time employees of the Group or any directors of the Company or any of its subsidiaries; (b) any consultant or adviser of any member of the Group; (c) trustee of an member of any trust the principal beneficiary of which is, or discretionary trust the discretionary objects of which include, any person referred to (a) or (b) above; (d) a company wholly beneficially owned by any person referred to in (a) or (b) above.

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

The total number of shares of the Company in respect of which options may be granted under the 2022 Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue on the date of its adoption ("Scheme Mandate Limit"), without prior approval from the Company's shareholders. The Company may seek approval of its shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of shares of the Company in respect of which options may be granted under the 2022 Share Option Scheme and any other share option schemes of the Company must not exceeded 10% of the shares of the Company in issue as at the date of the approval to renew the Scheme Mandate Limit. The number of shares of the Company in respect of which options may be granted to any Eligible Person in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. In addition, the number of shares of the Company in respect of which options may be granted to any Eligible Person (who is a substantial shareholder or an Independent Non-executive Director of the Company, or any of their associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of shares in issue and HK$5,000,000 in an aggregate value, based on the closing price of the shares of the Company at the date of each grant, without prior approval from the Company's shareholders.

The exercise price for the share options under the 2022 Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Eligible Persons and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share of the Company on the date on which an option is granted.

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

A total of 637,400,309 shares (representing approximately 10% of the existing issued shares of the Company as at the date of adoption of 2022 Share Option Scheme, the beginning and the end of the financial year ended 31 December 2023 and the date of this annual report), may be granted under the 2022 Share Option Scheme.

The Company had not granted any options pursuant to the 2022 Share Option Scheme snice its adoption.

Additional information in relation to the 2012 Share Option Scheme and 2022 Share Option Scheme are set out in note 31 to the consolidated financial statements.

The Company should comply with the new requirements under the amended Chapter 17 of the Listing Rules in respect of the matters of share options.

EQUITY-LINKED AGREEMENTS

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

PERMITTED INDEMNITY PROVISION

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

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

DIRECTORS' SERVICE CONTRACT

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as is known to any Director or chief executive of the Company, shareholders of the Company (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as at 31 December 2023 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in shares or underlying shares of the Company

Name of shareholder	Capacity/Nature of Interest	Interest in Shares	Interest in Derivatives	Total Interests	Approximate percentage of the Company's issued shares at 31.12.2023
Asia Pacific (Note)	Beneficial owner/Beneficial interest	3,272,309,301	–	3,272,309,301	51.34%

Note:

The 3,272,309,301 shares of the Company are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO. His interests are disclosed in the section headed "Directors' Interests or Short Positions in Shares and Share Options" above.

Save as disclosed above, as at 31 December 2023, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 41 to the consolidated financial statements. Those related party transactions did not constitute connected transactions under the Listing Rules.

MANAGEMENT CONTRACT

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

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2023, the aggregate amount of financial assistance to associated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the associated companies as at 31 December 2023 is presented as follows:

	HK$'000
Non-current assets	5,974,727
Current assets	1,908,971
Current liabilities	(1,037,799)
Non-current liabilities	(9,567,429)
Net liabilities	(2,721,530)

The Group's attributable interest in the associated companies as at 31 December 2023 comprised net liabilities of HK$1,306,997,000.

The proforma combined statement of financial position of the associated companies has been prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies as 31 December 2023.

PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

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

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

PRE-EMPTIVE RIGHTS

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

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year ended 31 December 2023.

EMOLUMENT POLICY

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

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

The Company has adopted share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in note 31 to the consolidated financial statements and under the heading "Share Option Schemes of the Company" of this report.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2023 have been audited by Messrs. PricewaterhouseCoopers, Certified Public Accountants, Hong Kong. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. PricewaterhouseCoopers as auditor of the Company.

At the annual general meeting of the Company held on 31 May 2022, Messrs. Deloitte Touche Tohmatsu retired as the auditor of the Company and Messrs. PricewaterhouseCoopers was appointed as the new auditor of the Company.

On behalf of the Board
Sinolink Worldwide Holdings Limited

Xiang Ya Bo
Chairman & Chief Executive Officer
Hong Kong, 27 March 2024

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted all the code provisions as set out in the Corporate Governance Code (the "Code") set out in Appendix C1 to the Listing Rules as its own corporate governance practices.

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

The Board has established the Group's purpose, values and strategy, and has satisfied itself that the Group's culture is aligned. Acting with integrity and leading by example, the Directors promote the desired culture to instill and continually reinforce across the Group the values of acting lawfully, ethically and responsibly.

During the year, the Company has complied with the code provisions as set out in the Code in Appendix C1 of the Listing Rules save as disclosed below.

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

BOARD OF DIRECTORS

Composition

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

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 20 to 21 of this annual report.

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

Save for the family relationship between Mr. Ou Yaping, Mr. Xiang Ya Bo and Mr. Ou Jin Yi Hugo as disclosed in the biographical details on page 20 of this annual report, there is no other relationship (including financial, business, family or other material/relevant relationship) between any other members of the Board and in particular, the Chairman and the Chief Executive Officer.

Pursuant to the Bye-laws of the Company (the "Bye-laws"), the Directors shall hold office subject to retirement by rotation at the annual general meeting of the Company at least once every three years. In addition, any Director appointed by the Board during a year, whether to fill a casual vacancy or as additional member to the Board, shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election in that meeting. The term of office of each Non-executive Director (including the Independent Non-executive Director) is for a period of 1 year from 1 January 2024 to 31 December 2024 subject to retirement by rotation and re-election in accordance with the Bye-laws.

Responsibilities of the Board and Management

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

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

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

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

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

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

During the year 2023, the Board held 4 regular Board meetings (within the meanings of the Code) at approximately quarterly intervals and any Board meetings convened when necessary. Due notice and Board papers were given to all Directors prior to each regular Board meeting in accordance with the Code and the Bye-laws. An annual general meeting and a special general meeting were also held during the year. Details of individual attendance of the Directors in respect of 4 regular Board meetings and the above general meetings are set out below:

	No. of meeting(s) attended		
	Regular Board Meetings	**Annual General Meeting**	**Special General Meeting**
Executive Directors			
Xiang Ya Bo *(Chairman and Chief Executive Officer)*	4	1	1
Chen Wei	4	1	1
Non-executive Directors			
Ou Jin Yi Hugo	4	1	1
Ou Yaping	4	1	1
Tang Yui Man Francis	4	1	1
Independent Non-executive Directors			
Chen Hui (appointed on 31 May 2023) (Note[1])	2	—	1
Tian Jin	4	1	1
Xin Luo Lin	4	1	1
Xiang Bing (retired on 31 May 2023) (Note[2])	1	—	—

Note[1]: During the period from the date of appointment to 31 December 2023, 2 Board meetings were held.

Note[2]: During the period from 1 January 2023 to the date of retirement, 2 Board meetings were held.

Directors' Induction and Continuous Professional Development

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

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

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

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

	Corporate Governance/Updates on laws, rules and regulations	
	Read materials	**Attend briefings/ in-house workshop**
Executive Directors		
Xiang Ya Bo *(Chairman and Chief Executive Officer)*	√	√
Chen Wei	√	√
Non-executive Directors		
Ou Jin Yi Hugo	√	√
Ou Yaping	√	√
Tang Yui Man Francis	√	√
Independent Non-executive Directors		
Chen Hui (appointed on 31 May 2023)	√	√
Tian Jin	√	√
Xin Luo Lin	√	√
Xiang Bing (retired on 31 May 2023)	—	—

Chairman and Chief Executive Officer

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

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

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

Responsibilities of Directors

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

- attending regular Board meetings and focusing on business development and strategy, operational issues and financial performance;
- review, approval and the monitoring of all material policies, including risk management, internal control, dividend policy and other significant financial and operational matters;
- active participation on the respective board of directors of the subsidiaries and associated companies of the Company;
- approval of annual budgets and business plan for each operating company covering strategy, financial and business performance, key risks and opportunities;
- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;
- monitoring and managing potential conflicts of interest of senior management, Board and shareholders of the Company;
- considering misuse of corporate assets and abuse of related party transactions; and
- ensuring processes in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

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

Corporate Governance functions

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

- to develop and review the Company's policies, including the board diversity policy, shareholders communication policy and mechanism ensuring independent views available to the board, and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; and
- to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

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

- review of the policies (including shareholders communication policy, etc.) and practices on corporate governance and compliance with legal and regulatory requirements adopted by the Company, training for the Directors and senior management and code of conduct and compliance manual, etc.;
- review of the compliance with the Code and disclosure of the Corporate Governance Report; and
- review of the effectiveness of the risk management and internal control systems of the Company with the assistance of the Audit Committee.

Board Committees

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

Remuneration Committee

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

Dr. Xiang Bing retired as the Independent Non-executive Director on 31 May 2023, and hence he also ceased to be a member of the Remuneration Committee on the same day.

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

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

During the year 2023, the Remuneration Committee:

- reviewed the remuneration policy for 2023/2024;
- reviewed the remuneration of the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors and management year-end bonus;
- assessed performance of the Executive Directors, reviewed and approved the services agreement of the Executive Directors; and
- made recommendations to the Board on the above matters.

The Remuneration Committee held 1 meeting during 2023 with individual attendance as follows:

Members of Remuneration Committee	No. of meeting(s) attended
Xin Luo Lin *(Chairman of the Remuneration Committee)*	1
Chen Hui (appointed on 31 May 2023) (Note[1])	1
Xiang Ya Bo	1
Xiang Bing (retired on 31 May 2023) (Note[2])	–

Note[1]: During the period from the date of appointment to 31 December 2023, 1 Remuneration Committee meeting was held.

Note[2]: During the period from 1 January 2023 to the date of retirement, no Remuneration Committee meeting were held.

The remuneration of the members of the senior management (being the two Executive Directors) by band for the year ended 31 December 2023 is set out below:

Remuneration bands (HK$)	Number of person(s)
2,000,001 to 3,000,000	1
4,000,001 to 5,000,000	1

Further particulars regarding the Directors' remuneration and other remuneration related matters as well as the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in note 11 to the consolidated financial statements.

Audit Committee

The Audit Committee currently comprises three Independent Non-executive Directors, namely Ms. Chen Hui, Mr. Tian Jin and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

Dr. Xiang Bing retired as the Independent Non-executive Director on 31 May 2023, and hence he also ceased to be a member of the Audit Committee on the same day.

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

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

During the year 2023, the Audit Committee:

— reviewed the financial statements for the year ended 31 December 2022 and for the six months ended 30 June 2023;

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

— reviewed the internal and external auditor's findings;

— reviewed and approved remuneration of auditor for financial year of 2022 and recommended the re-appointment of external auditor; and

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

As at 31 December 2023, the arrangement for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters was in place. No reporting has been received by the Audit Committee during the year.

The Audit Committee held 4 meetings during the year 2023 with individual attendance as follows:

Members of Audit Committee	**No. of meeting(s) attended**
Xin Luo Lin *(Chairman of the Audit Committee)*	4
Chen Hui (appointed on 31 May 2023) (Note[1])	3
Tian Jin	4
Xiang Bing (retired on 31 May 2023) (Note[2])	1

Note[1]: During the period from the date of appointment to 31 December 2023, 3 Audit Committee meetings were held.

Note[2]: During the period from 1 January 2023 to the date of retirement, 1 Audit Committee meeting was held.

Nomination Committee

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

Dr. Xiang Bing retired as the Independent Non-executive Director on 31 May 2023, and hence he also ceased to be a member of the Nomination Committee on the same day.

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

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

During the year 2023, the Nomination Committee:

- reviewed the structure, size and composition (including the skills, knowledge, diversity and experience) of the Board;
- reviewed the board diversity policy and its implementation;
- assessed the independence of the Independent Non-executive Directors; and
- reviewed and made recommendations to the Board on re-election of retiring directors at the 2023 annual general meeting.

The Nomination Committee held 1 meeting during the year 2023 with individual attendance as follows:

Members of Nomination Committee	**No. of meeting(s) attended**
Tian Jin *(Chairman of the Nomination Committee)*	1
Chen Hui (appointed on 31 May 2023) (Note [1])	1
Xin Luo Lin	1
Xiang Ya Bo	1
Xiang Bing (retired on 31 May 2023) (Note [2])	—

Note [1]: During the period from the date of appointment to 31 December 2023, 1 Nomination Committee meeting was held.

Note [2]: During the period from 1 January 2023 to the date of retirement, no Nomination Committee meeting was held.

In considering the nomination of re-appointment of directors, the Nomination Committee assessed the relevant candidates on criteria such as integrity, experience, skill, professional qualifications, independent mind and ability to commit time etc, and made recommendation to the Board for approval. There was no change in the composition of the Board during the year.

With the nomination of the Nomination Committee and recommendation of the Board, Mr. Tian Jin, one of the retiring Directors, is proposed for re-election by shareholders of the Company at the forthcoming 2024 annual general meeting. Mr. Chen Wei, Mr. Ou Yaping and Mr. Xiang Ya Bo, the retiring Directors, will not offer themselves for re-election at the forthcoming 2024 annual general meeting. With the nomination of the Nomination Committee and recommendation of the Board, Mr. Ou Jin Yao Norris is proposed for appointment as a non-executive Director by shareholders of the Company at the forthcoming 2024 annual general meeting.

BOARD DIVERSITY POLICY

The Company has formulated the board diversity policy in August 2013 and amended on 13 December 2022 aiming at setting out the approach on diversity of the Board of the Company.

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

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

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

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

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

At present, the Nomination Committee has not set any measurable objectives to implement the board diversity policy. However, it will consider and review the board diversity policy and setting of any measurable objectives from time to time. The Board reviews the implementation and effectiveness of the board diversity policy on an annual basis.

The Board currently consists of 8 Board members with a diversity of perspectives in terms of age, gender, tenure of office, and professional and business experiences. During the year, there was female representation on the Board after the appointment of Ms. Chen Hui as an independent non-executive Director on 31 May 2023. The female Director is an independent non-executive Director, representing 12.5% of the total number of the Board. The Group has diverse business activities in different geographical areas. The Company considers that it is more important for it to retain flexibility in the dynamic environment in which it operates and to have an appropriate mix of diversity in its board based on its own needs from time to time and as and when suitable candidates are identified. The Group advocates a diverse and inclusive workplace that enables people with different backgrounds to work together. It also continues to promote gender diversity in the workforce by providing various training and guidance.

The Company will continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that the Company will have a pipeline of female management and potential successors to the Board in due time to ensure continuous gender diversity of the Board. The Group will continue to emphasize training of female talent and provide long-term development opportunities for female staff.

As at 31 December 2023, the Group had about 627 full-time employees, comprising of 186 females and 441 males (that is, a gender ratio of approximately 30% female to 70% male). The Group will continue to strive for gender diversity and increase the female-to-male ratio in the whole workforce in order to reflect the gender equality principle generally adhered by the Group. The Board is mindful of the objectives for the factors as set out above for assessing the candidacy of the Board members, and will ensure that any successors to the Board shall follow the board diversity policy. Similar considerations shall also be in place to assess the candidacy of the senior management team from time to time. Traditionally, the property industry has been short of female talents in China due to culture influences. However, the Group is determined to maintain gender diversity and equality in terms of the whole workforce, and to procure the senior management team to achieve gender equality in terms of the gender ratio in the coming years. The Company expects the above is achievable with suitable effort in promoting the gender diversity culture.

MECHANISMS ENSURING INDEPENDENT VIEWS AVAILABLE TO THE BOARD

The Company has established the following mechanisms to ensure a strong independent element on, and independent views and input are available to, the Board.

(i) The Board endeavours to ensure the appointment of at least three Independent Non-executive Directors and at least one-third of its members being Independent Non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time).

(ii) Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, Independent Non-executive Directors will be appointed to all Board committees as far as possible to ensure independent views are available.

(iii) The Nomination Committee must strictly adhere to the Nomination Policy and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of Independent Non-executive Directors.

(iv) Each Independent Non-executive Director is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence.

(v) The Nomination Committee is mandated to assess annually the independence of all Independent Non-executive Directors by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement.

(vi) Independent Non-executive Directors (as other directors) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

(vii) Independent Non-executive Directors (as other directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.

(viii) The Chairman of the Board shall at least annually hold meetings with the Independent Non-executive Directors without the presence of other Directors to discuss major issues and any concerns.

The Board shall make an annual review of the implementation and effectiveness of the above mechanisms. The Board has examined and reviewed the above mechanisms and is of the view that they have been duly implemented and effective during the year ended 31 December 2023.

NOMINATION POLICY

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

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

DIRECTORS' REMUNERATION POLICY

The Company has established a formal and transparent policy on Directors' remuneration and other remuneration related matters. Such remuneration policy is to ensure that all Directors, are sufficiently compensated for their efforts and time dedicated to the Company and remuneration offered is appropriate for their duties and in line with market practice. No Director, or any of his/her associates, is involved in deciding his/her own remuneration.

According to such directors' remuneration policy, the policy and structure for the remuneration of Directors are set out below:

(a) Independent Non-executive Directors and Non-executive Directors receive a basic fee and other discretionary remuneration. Such basic fee is set at a level that reflects the competencies and contribution required in view of the Group's complexity, the extent of the responsibilities and the number of Board meetings or relevant meetings of the Board committee(s) that he or she has to attend. In addition to the basic fee, Independent Non-executive Directors and Non-executive Directors receive compensation for being chairman of the Board committee(s) if he or she is not the Chairman of the Board. Generally the Company shall not grant equity-based remuneration with performance related elements to Independent Non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

(b) When Executive Directors are employed on a contractual basis, their remuneration is fixed according to current market rates and conditions in Hong Kong and PRC (where applicable) and subject to reassessment annually or periodically, as mutually agreed between the Company and executive Directors. The Remuneration Committee should consult the Chairman of the Board about their proposals relating to the remuneration of other Executive Directors and have access to professional advice if considered necessary. Executive Director's remuneration consists of both variable and non-variable elements. The total level of the non-variable elements of the remuneration is determined by taking into consideration the job description and responsibilities and the Group's magnitude and complexity. Executive Directors may also receive other benefits, including but not limited to, defined contribution retirement scheme plan, plan providing for hospitalization and outpatient benefits, accommodation benefit, and use of company car. The variable element is discretionary in nature and consists of year-end bonuses on the basis of both the Executive Director's and the Group's performances as recommended by the Chairman of the Board and approved by the Remuneration Committee and the Board.

DIVIDEND POLICY

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

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

ANTI-CORRUPTION AND BRIBERY POLICY AND WHISTLEBLOWING POLICY

The Company has established (i) policy and systems that promote and support anti-corruption and bribery laws and regulations; and (ii) a whistleblowing policy and system for employees and those who deal with the Company such as customers and suppliers to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Company.

The Group's employees are expected to comply with all applicable laws, rules and regulations in relation to anti-corruption and bribery. Every employee has a duty to report any potential violations of the anti-corruption and bribery policy and any employee who receives an offer of bribery must immediately report to his/her supervisor and/or the Chairman of the Board. Employee may also report any actual or suspected breach of the anti-corruption and bribery policy in accordance with the reporting channels and process stated in the Company's whistleblowing policy. For further details of the Company's anti-corruption and bribery policy and whistleblowing policy, please refer to the section of 4.1 in the Company's environmental, social and governance ("ESG") report published on the same date of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("MODEL CODE")

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2023, all Directors have complied with the required standard set out in the Model Code.

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

EXTERNAL AUDITOR

The external auditor of the Company is Messrs. PricewaterhouseCoopers ("PwC"). PwC provided professional services in respect of the audit of Company's consolidated financial statements prepared under Hong Kong Financial Reporting Standards ("HKFRSs") for the year ended 31 December 2023. PwC also reviewed the 2023 unaudited interim financial report of the Company prepared under HKFRSs.

Fees charged by PwC in respect of audit services for the year 2023 amounted to HK$3,330,000. Non-audit services fees including review of the interim financial report of the Company for the six months ended 30 June 2023 amounted to HK$780,000.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

The implementation of risk management framework of the Group was assisted by the Group's internal audit team, representatives from major departments of the Company, and by engaging independent professional adviser, as a whole, to perform internal audit function. During the year ended 31 December 2023, Vision & Co. CPA Limited was engaged to conduct independent review of certain internal control matters and no significant deficiency was found during the review. On this basis, the Group could ensure new and emerging risks relevant to the Group's operation are promptly identified by management, assess the adequacy of action plans to manage these risks and monitor and evaluate the effectiveness of the action plans. These are on-going processes and the Audit Committee and the Board review at least annually the Group's risk management and internal control systems.

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

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

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

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

The Company has a policy of open communication which allows strong access to both internally and externally generated information. Pertinent information is identified, captured and communicated in a timely manner. The policy has been reviewed by the board in December 2023.

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

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

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

- is well aware of its obligations under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that information which is considered as inside information should be announced promptly when it is the subject of a decision
- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information"
- informs all Directors, senior management and related staff of the latest regulations and requirements according to the letters issued or announcements published by the Securities and Futures Commission and the Stock Exchange
- has developed procedures and mechanisms for the disclosure of inside information and established the working team to evaluate whether disclosure of the inside information is required
- has established and implemented procedures for responding to external enquiries about the Company's affairs. Only Directors and delegated management of the Company can act as the Company's spokespersons and respond to enquiries on designated areas

GOING CONCERN

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

COMPANY SECRETARY

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

CONSTITUTIONAL DOCUMENTS

There was no change in the memorandum of association and bye-laws of the Company during the year ended 31 December 2023.

Copies of memorandum of association and bye-laws of the Company are posted on the website of the Company at www.sinolinkhk.com.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning a special general meeting

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

(b) Procedures for putting forward proposals at general meetings

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 Shareholders may, at their expense, provide a written request, signed and deposited in accordance with the Bermuda Companies Act 1981 and to be sent to 28th Floor, Infinitus Plaza, 199 Des Voeux Road Central for the attention of the company secretary of the Company.

(c) Communication with Shareholders and investors

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

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

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

At the 2023 annual general meeting, a resolution was proposed by the chairman of the meeting in respect of each separate issue itemized in the notice, including re-election of retiring Directors. The Chairman of the Board and certain members of all committees or their respective duly appointed delegates and representatives of Messrs. PricewaterhouseCoopers participated the 2023 annual general meeting and answered questions from Shareholders.

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

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

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

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

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

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

The Board will review the implementation and effectiveness of the shareholders' communication policy (the "Communication Policy") annually and has reviewed the implementation and effectiveness of the Communication Policy. Having considered the multiple channels of communication in place, the Board is satisfied that the Communication Policy has been properly implemented for the year ended 31 December 2023 and is effective.

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

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the profit and cash flows of the Group for the year. The statement of the auditor regarding their reporting responsibility for the financial statements is set out in the Independent Auditor's Report on pages 52 to 62.

羅兵咸永道

To the Shareholders of Sinolink Worldwide Holdings Limited
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 63 to 165, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Valuation of investment properties
- Impairment assessment on investments accounted for using the equity method - ZhongAn Technologies International Group Limited ("ZhongAn International")
- Assessment of net realisable value of stock of properties

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties Refer to notes 4(b) and 16 to the consolidated financial statements. As at 31 December 2023, the investment properties held by the Group were stated at fair value of HK$2,285,002,000, which in accounted for approximately 21% of the Group's total assets, with fair value loss of HK$253,483,000 recognised in the consolidated statement of profit or loss for the year ended 31 December 2023. Management engaged an independent external valuer to assist in determining the fair value of the investment properties held by the Group as at 31 December 2023.	In assessing the Group's valuation of investment properties, we have performed the following procedures: - We understood management's controls and processes of valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. - We assessed the independence, competence and objectivity of the external valuer by considering their professional qualifications and relevant experiences in the market where the Group's investment properties are located.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties (Continued) The fair value of the Group's investment properties was determined using the income capitalisation method, based on the prevailing market rents with reversionary rental yield discounted at appropriate capitalisation rates. The key assumptions and inputs used include capitalisation rates, market rent and adjustments to market rent. We focused on this area because of the magnitude of investment properties to the consolidated financial statements and the sensitivity of fair values to the changes of inputs used in the valuations.	- We involved our internal valuation expert to assess the appropriateness of the methodology and the reasonableness of the key assumptions used by the valuer, such as capitalisation rates, market rent and adjustments to market rent. - We, together with our internal valuation expert, attended meetings with the valuer to discuss the valuations and key assumptions used. We compared the reversionary yields used by the valuer with an estimated range of expected rates, determined with reference to published market information. We evaluated the rentals with reference to prevailing market rents. We also challenged the methodology adopted by the valuer and appropriateness and reasonableness of the key assumptions based on our knowledge of the property industry and comparable market transactions for similar properties, where applicable. - We tested, on a sample basis, the accuracy and reliability of the valuation input data used such as adopted unit rent to existing rent roll. Based on the results of the procedures performed, we found the methodology used and key assumptions adopted in the valuations of investment properties were supported by the available evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on investments accounted for using the equity method - ZhongAn Technologies International Group Limited ("ZhongAn International") Refer to notes 4(c) and 17 to the consolidated financial statements. As at 31 December 2023, the carrying amount of the interest in ZhongAn International amounted to HK$2,059,891,000, which in total accounted for approximately 18% of the Group's total assets. ZhongAn International is a joint venture of the Group and the Group accounts for its interest in ZhongAn International using the equity method. Impairment assessment is required to be performed on the Group's interest in ZhongAn International when impairment indicator exists. Management determined its recoverable amount, which was measured at the higher of the value-in-use ("VIU") and fair value less costs of disposal ("FVLCOD") with the assistance from an independent external valuer engaged by the Group.	In assessing the Group's impairment assessment of the interest in ZhongAn International, we have performed the following procedures: - We understood and evaluated management's controls and processes of impairment assessment of interest in ZhongAn International and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; - We assessed the independence, competence, and objectivity of the independent external valuer by considering their professional qualifications and relevant experiences in performing valuation of an entity; - We, together with our internal valuation expert, assessed the appropriateness of the methodologies adopted by management to determine the recoverable amount. We also tested the mathematical accuracy of the underlying calculations;

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on investments accounted for using the equity method- ZhongAn Technologies International Group Limited ("ZhongAn International") (Continued) The carrying amount of ZhongAn International is mainly consist of: • Virtual bank business providing credit to personal and corporate customers ("Banking Business"); • Insurance business providing life and medical insurance products ("Insurance Business"); and • Technology business providing software-as-a-service products ("Technology Business"). Accordingly, the management performed impairment assessment on carrying amounts of Banking Business, Insurance Business and Technology Business respectively as at 31 December 2023. For Banking Business, the recoverable amount was determined using discounted cash flow model based on the budget prepared by management with major assumptions being revenue growth rate, terminal growth rate and discount rate. For Insurance Business, the recoverable amount was determined using FVLCOD based on market approach by benchmarking the price-to-book ratio of comparable companies for Insurance Business.	- For Banking Business, we tested the reasonableness of the data used and challenged management's key assumptions adopted in the preparation of discounted cash flow forecast as follows: • the revenue growth rate and terminal growth rate, by comparing them with historical financial data of the Banking Business and questioning business plans with management; • the discount rate, by comparing it with costs of capital of comparable companies; - For Insurance Business, we evaluated the reasonableness of the selected comparable companies based on our knowledge of the business and industry and market research; - For Technology Business, we checked the benchmarking price to the transaction price of the recent subscription agreement and assessed the reasonableness of discounting for control premium;

KEY AUDIT MATTERS (Continued)

Key Audit Matter

Impairment assessment on investments accounted for using the equity method - ZhongAn Technologies International Group Limited ("ZhongAn International") (Continued)

For Technology Business, the recoverable amount was determined using FVLCOD based on market approach by benchmarking recent share issuance transaction of Technology Business, discounted for control premium.

Based on the assessment results, the respective recoverable amounts of Banking Business, Insurance Business and Technology Business exceeded their carrying amounts as at 31 December 2023, therefore management determined that no impairment provision was needed for the year ended 31 December 2023 as the recoverable amount of the interest in ZhongAn International was higher than its carrying value as at 31 December 2023.

We focused on this area due to the magnitude of the carrying amount of interest in ZhongAn International to the consolidated financial statements and the significant judgements and estimates made by the management in determining the related recoverable amount as at 31 December 2023.

How our audit addressed the Key Audit Matter

- We evaluated management's sensitivity analysis on the key assumptions to the potential impacts on the headroom, which is the difference between the recoverable amount and the carrying value of the interest in ZhongAn International.

Based on the results of the procedures performed, we found the methodologies used and key assumptions adopted in the impairment assessment were supported by the available evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of net realisable value of stock of properties Refer to notes 4(d) and 20 to the consolidated financial statements. The Group's stock of properties represents a residential property project located in Mainland China under development amounted to HK$868,868,000 as at 31 December 2023, which in total accounted for approximately 8% of the Group's total assets. The carrying amount of stock of properties was stated at the lower of cost and net realisable value. No provision of loss on realisable value was made as at 31 December 2023. Management determined the net realisable value of stock of properties based on the estimated selling price, estimated costs to completion of the construction and estimated selling costs and compared it to the carrying amounts of the stock of properties to assess whether provision of loss on realisable value is needed.	In assessing the management's net realisable value assessment on stock of properties, we have performed the following procedures: - We understood management's controls and processes of management's net realisable value assessment on stock of properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. - We evaluated and tested the internal controls, over the Group's processes in the assessment of net realisable value of stock of properties. - We tested management's key estimates, on a sample basis, for: (i) Selling price which is estimated based on the prevailing market conditions. We compared the estimated selling price to the recent market transactions by referencing to the prevailing market price of comparable properties with similar type, size and location.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of net realisable value of stock of properties (Continued) The determination of net realisable value of the Group's stock of properties involves critical accounting estimates on the selling price, the selling costs and the costs to completion of stock of properties. Management estimated the selling price, the selling costs and the costs to completion by referencing to the comparable market transactions, selling costs to revenue ratio in previous projects and management's budget of estimated cost to completion respectively. We focused on this area because of the magnitude of the stock of properties to the consolidated financial statements and the significant judgements and estimates made by the management involved in assessing the net realisable value of the stock of properties.	(ii) Selling costs which are estimated based on certain percentages of selling prices. We compared the above estimated percentages with the actual average selling expenses to revenue ratio with other industry players. (iii) Estimated costs to completion for stock of properties. We compared the estimated costs to completion to the budget approved by management, and examined, on a sample basis, the construction contracts. - We compared the balance of stock of properties against the results of management's net realisable value assessment to evaluate whether provision of loss on realisable value was needed and checked the mathematically accuracy of the calculations. Based on the results of the procedures performed, we found the key assumptions and estimates adopted in the net realisable value assessment of stock of properties were supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Hin Gay, Gabriel.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**2023**	2022
		HK$'000	*HK$'000*
			(Restated)
			(Note 2(b))
Revenue			
Interest income		**25,223**	25,587
Rental income		**166,042**	176,349
Other revenue from contracts with customers		**169,548**	178,445
Total revenue	5	**360,813**	380,381
Cost of sales		**(151,921)**	(153,487)
Gross profit		**208,892**	226,894
Other income	6	**95,710**	130,516
Selling expenses		**(3,456)**	(3,633)
Administrative expenses		**(112,566)**	(133,794)
Other gains/(losses), net	7	**611**	(33,574)
Fair value loss of investment properties	16	**(253,483)**	(11,472)
Net impairment loss on financial assets		**(28,782)**	(20,779)
Fair value losses on other financial assets at fair value through profit or loss ("FVTPL"), net		**(2,324)**	(109,420)
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL	19	**(285,371)**	(202,171)
Gain on dilution of investments accounted for using the equity method	17	**131,970**	183,629
Share of results of investments accounted for using the equity method		**29,583**	(59,906)
Finance costs	8	**(87,140)**	(46,006)
Loss before income tax		**(306,356)**	(79,716)
Income tax credit/(expense)	12	**20,936**	(39,080)
Loss for the year		**(285,420)**	(118,796)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(278,244)**	(142,413)
Non-controlling interests		**(7,176)**	23,617
		(285,420)	(118,796)
		HK cents	*HK cents*
			(Restated)
Loss per share attributable to the owners of the Company			
Basic	14	**(4.37)**	(2.23)
Diluted	14	**(4.37)**	(2.23)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 HK$'000	2022 HK$'000 (Restated) (Note 2(b))
Loss for the year	**(285,420)**	(118,796)
Other comprehensive income/(expense)		
Item that will be subsequently reclassified to profit or loss:		
Share of exchange differences on translation from functional currency to presentation currency of investments accounted for using the equity method	**1,337**	(2,000)
Items that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**(86,749)**	(755,491)
Fair value losses on equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	**(216,121)**	(240,618)
Share of fair value gains/(losses) on equity instruments at FVTOCI of investments accounted for using the equity method, net of tax	**81,572**	(142,078)
Other comprehensive expense for the year, net of tax	**(219,961)**	(1,140,187)
Total comprehensive expense for the year	**(505,381)**	(1,258,983)
Total comprehensive expense attributable to:		
Owners of the Company	**(429,069)**	(1,129,120)
Non-controlling interests	**(76,312)**	(129,863)
	(505,381)	(1,258,983)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	**As at 31 December 2023** *HK$'000*	As at 31 December 2022 *HK$'000* (Restated) (Note 2(b))	As at 1 January 2022 *HK$'000* (Restated) (Note 2(b))
Non-current assets				
Property, plant and equipment	15	**203,740**	227,443	259,612
Investment properties	16	**2,285,002**	2,574,020	2,822,127
Investments accounted for using the equity method	17	**2,296,834**	1,816,879	1,312,109
Equity instruments at FVTOCI	18	**1,574,566**	1,883,175	2,377,470
Amounts due from associates at FVTPL	19	**–**	–	–
Loan receivable from an associate at FVTPL	19	**–**	–	–
Loans receivables	22	**158,657**	53,258	383,822
Finance lease receivables		**–**	–	1
Other financial assets at FVTPL	23	**346,416**	340,051	1,121,063
Pledged bank deposits	24	**754,967**	1,164,726	930,275
Bank deposits	24	**452,539**	693,729	176,039
Other receivables	21	**230,789**	231,618	158,399
Deferred tax assets	29	**14,966**	7,925	3,035
		8,318,476	8,992,824	9,543,952
Current assets				
Stock of properties	20	**868,868**	873,634	951,774
Trade and other receivables, deposits and prepayments	21	**86,108**	44,975	53,434
Loans receivables	22	**201,444**	458,629	167,703
Finance lease receivables		**–**	–	4
Other financial assets at FVTPL	23	**10,848**	8,573	28,347
Structured deposits	25	**–**	–	307,036
Pledged bank deposits	24	**896,909**	–	–
Bank deposits	24	**31,457**	–	21,743
Cash and cash equivalents	24	**512,602**	846,107	1,539,354
		2,608,236	2,231,918	3,069,395
Current liabilities				
Trade payables, deposits received and accrued charges	26	**415,090**	428,281	455,249
Contract liabilities	27	**11,259**	9,966	9,133
Income tax payable		**764,037**	758,890	829,123
Borrowings	28	**1,565,700**	1,153,600	955,000
Lease liabilities	15(b)	**1,643**	1,844	2,501
		2,757,729	2,352,581	2,251,006
Net current (liabilities)/assets		**(149,493)**	(120,663)	818,389
Total assets less current liabilities		**8,168,983**	8,872,161	10,362,341

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000 (Restated) (Note 2(b))	As at 1 January 2022 HK$'000 (Restated) (Note 2(b))
Non-current liabilities				
Lease liabilities	15(b)	**5,631**	7,274	—
Deferred tax liabilities	29	**681,208**	824,359	1,004,893
		686,839	831,633	1,004,893
Net assets		**7,482,144**	8,040,528	9,357,448
Capital and reserves				
Share capital	30	**637,400**	637,400	637,400
Reserves		**5,582,727**	6,047,041	7,176,161
Equity attributable to owners of the Company		**6,220,127**	6,684,441	7,813,561
Non-controlling interests		**1,262,017**	1,356,087	1,543,887
Total equity		**7,482,144**	8,040,528	9,357,448

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 63 to 165 were approved and authorised for issue by the Board of Directors on 27 March 2024 and are signed on its behalf by:

Xiang Ya Bo
Executive director

Chen Wei
Executive director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Translation reserve *HK$' 000*	Share option reserve *HK$'000*	General and other reserves *HK$'000* (Note a)	Contributed surplus *HK$'000* (Note b)	Investments revaluation reserve *HK$'000*	Retained earnings *HK$'000*	Sub- total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2023 (as previously stated)	637,400	2,334,899	204,602	79,300	185,604	367,782	793,727	2,060,987	6,664,301	1,356,087	8,020,388
Restatement (Note 2(b))	–	–	–	–	–	–	–	20,140	20,140	–	20,140
At 1 January 2023 (as restated)	637,400	2,334,899	204,602	79,300	185,604	367,782	793,727	2,081,127	6,684,441	1,356,087	8,040,528
Loss for the year	–	–	–	–	–	–	–	(278,244)	(278,224)	(7,176)	(285,420)
Other comprehensive expense for the year	–	–	(56,656)	–	–	–	(94,169)	–	(150,825)	(69,136)	(219,961)
Total comprehensive expense for the year	–	–	(56,656)	–	–	–	(94,169)	(278,244)	(429,069)	(76,312)	(505,381)
Transfers	–	–	–	–	643	–	–	(643)	–	–	–
Dividend paid to non-controlling interests of subsidiaries	–	–	–	–		–	–	–	–	(17,758)	(17,758)
Share of a joint venture's reserves	–	–	–	–	(35,245)	–	–	–	(35,245)	–	(35,245)
As at 31 December 2023	637,400	2,334,899	147,946	79,300	151,002	367,782	699,558	1,802,240	6,220,127	1,262,017	7,482,144

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Translation reserve *HK$' 000*	Share option reserve *HK$'000*	General and other reserves *HK$'000* (Note a)	Contributed surplus *HK$'000* (Note b)	Investments revaluation reserve *HK$'000*	Retained earnings *HK$'000*	Sub- total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2022 (as previously stated)	637,400	2,334,899	848,706	79,300	185,464	367,782	1,136,330	2,204,515	7,794,396	1,543,887	9,338,283
Restatement (Note 2(b))	–	–	–	–	–	–	–	19,165	19,165	–	19,165
At 1 January 2022 (as restated)	637,400	2,334,899	848,706	79,300	185,464	367,782	1,136,330	2,223,680	7,813,561	1,543,887	9,357,448
(Loss)/profit for the year	–	–	–	–	–	–	–	(142,413)	(142,413)	23,617	(118,796)
Other comprehensive expense for the year	–	–	(644,104)	–	–	–	(342,603)	–	(986,707)	(153,480)	(1,140,187)
Total comprehensive expense for the year	–	–	(644,104)	–	–	–	(342,603)	(142,413)	(1,129,120)	(129,863)	(1,258,983)
Transfers	–	–	–	–	140	–	–	(140)	–	–	–
Dividend paid to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	(57,937)	(57,937)
As at 31 December 2022	637,400	2,334,899	204,602	79,300	185,604	367,782	793,727	2,081,127	6,684,441	1,356,087	8,040,528

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes:

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 HK$'000	2022 HK$'000
Cash flows from operating activities			
Cash generated from operations	37(a)	**129,960**	47,955
Income taxes paid		**(37,335)**	(70,008)
Interest received from financing services business		**72,207**	10,685
Net cash generated from/(used in) operating activities		**164,832**	(11,368)
Cash flows from investing activities			
Interest income received		**21,877**	55,786
Dividend received		**11,314**	6,828
Placement of bank deposits		**(115,427)**	(666,860)
Withdrawal of bank deposits		**13,319**	127,215
Placement of structured deposits	25	**–**	(74,160)
Withdrawal of structured deposits	25	**–**	365,186
Placement of pledged bank deposits		**(203,662)**	(323,870)
Proceeds from disposal of property, plant and equipment		**419**	565
Purchase of property, plant and equipment	15	**(3,383)**	(3,953)
Investment in associates	17	**(498,000)**	(806,490)
Advances to an associate		**(15,691)**	(24,336)
Repayment from an associate		**–**	9,908
Purchase of equity instruments at FVTOCI		**–**	(1,120)
Proceeds from disposal of equity instruments at FVTOCI		**3,424**	1,648
Proceeds from redemption of Redeemable Preference Shares	17	**–**	590,323
Investment in unlisted fund investment in the PRC		**(13,319)**	(1,340)
Investment in unlisted equity instruments at FVTOCI		**(2,625)**	–
Investment in overseas unlisted fund investments		**(2,232)**	–
Proceeds from disposal of equity securities listed in the PRC		**–**	10,330
Proceeds from return of capital from equity instruments at FVTOCI		**–**	47,754
Proceeds from return of capital from equity instruments at FVTPL		**4,852**	–
Net cash used in investing activities		**(799,134)**	(686,586)
Cash flows from financing activities			
Drawdown of borrowings		**515,000**	270,000
Repayment of borrowings		**(102,900)**	(71,400)
Principal portion of lease liabilities		**(1,844)**	(4,157)
Interest portion of lease liabilities		**(444)**	(424)
Interest paid		**(82,879)**	(34,841)
Dividend paid to non-controlling interests of subsidiary		**(17,758)**	(57,937)
Net cash generated from financing activities		**309,175**	101,241
Net decrease in cash and cash equivalents		**(325,127)**	(596,713)
Cash and cash equivalents at beginning of year		**846,107**	1,539,354
Effect of foreign exchange rate changes on cash and cash equivalents		**(8,378)**	(96,534)
Cash and cash equivalents at end of year	24	**512,602**	846,107

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

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 is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are increasingly focused on financial technology ("FinTech") investment and management, while it is also engaged in property development, property management, property investment and financing services.

The consolidated financial statements are presented in thousands of units of Hong Kong dollar (HK$'000), unless otherwise stated. These consolidated financial statements have been approved by the board (the "Board") of directors (the "Directors") on 27 March 2024.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, except for investment properties and certain financial instruments which are carried at fair value.

At 31 December 2023, the Group's current liabilities exceeded its current assets by HK$149,493,000.

As detailed in Note 3.1 "Liquidity risk", bank borrowings with carrying amount of HK$1,565,700,000 were subject to a repayable on demand clause and were classified as current liabilities as at 31 December 2023.

In preparing the consolidated financial statements, the directors have taken into account all available information that could reasonably be expected and believe that it is not probable the banks would exercise their discretion right to demand immediate repayment of these borrowings and accordingly, loan principals of HK$1,345,700,000 and HK$220,000,000 would respectively be repaid within one year, within the second to fifth year after the reporting period end based on the scheduled repayment dates set out in the loan agreements. Should the borrowings be classified according to the scheduled repayment dates, the current liabilities would decrease by HK$220,000,000 and the current assets would exceed the current liabilities by HK$70,507,000.

Furthermore, there were bank deposits of HK$754,967,000 pledged against the above-mentioned borrowings and they were classified as non-current assets because the pledge is expected to be released upon the loans' maturity date in 2024 and 2026 respectively. Should the banks exercise their discretion to demand immediate repayment of these borrowings, the amount required to be repaid would take into consideration the amount of pledged deposits used as an offset.

Having considered the above conditions, the Group has sufficient financial resources, including unutilised banking facilities amounting to HK$152,800,000 available to the Group as at 31 December 2023 (Note 28) to finance its operations and satisfy its financial obligations as and when they fall due within at least the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements are prepared on a going concern basis.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 BASIS OF PREPARATION (Continued)

(a) New and amended standards adopted by the Group

The Group has applied the following amendments to standards or annual improvements for the first time for the annual reporting period commencing 1 January 2023:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	OECD Pillar Two Rules

Except for the adoption of HKFRS 17 "Insurance Contracts" disclosed in Note 2(b) and Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" disclosed in Note 2(e), the adoption of the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Adoption of HKFRS 17 "Insurance Contracts" ("HKFRS 17")

The Group has adopted HKFRS 17 "Insurance Contracts" from 1 January 2023, the standard supersedes HKFRS 4 "Insurance Contracts" and requires a retrospective adoption. The transition date of adopting HKFRS 17 is 1 January 2022. The adoption of HKFRS 17 resulted in changes in the accounting policies related to recognition, measurement, presentation, and disclosure of insurance contracts. As a result, the comparative balances of the Group's "investments accounted for using the equity method" and the respective amounts of "Share of results of associates and joint venture" were restated, the impact is disclosed below.

The Group applied the Full Retrospective Approach transition approach when adopting HKFRS 17.

HKFRS 17 introduces the general measurement model ("GMM") for the recognition and measurement of insurance contracts, which requires measuring insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.

The Group accounts for an insurance contract based on the guidance in HKFRS 17, including aspects over:

- The definition and classification of the contracts;
- The contract boundary of the contracts;
- The determination of the unit of account; and
- The recognition and measurement model (i.e. GMM) applied.

Under GMM, the insurance contracts comprise an estimate of future cash flow, a risk adjustment for non-financial risk and a contractual service margin (that represents the unearned profit the entity will recognise as it provides insurance contract services in the future). In estimating future cash flows, the Group considers current expectations of future events that might affect those cash flows and set relevant assumptions that best reflect the Group's expectation.

2 BASIS OF PREPARATION (Continued)

(b) Adoption of HKFRS 17 "Insurance Contracts" ("HKFRS 17") (Continued)

A summary of the accumulated effects of the adoption on the consolidated statements of financial position of the Group as at 31 December 2022 and 1 January 2022 and the consolidated statement of profit or loss of the Group for the year ended 31 December 2022 are presented as below:

Impact to the consolidated statement of financial position as at 31 December 2022

	As at 31 December 2022		
	As previously stated *HK$000*	Restatement *HK$000*	As restated *HK$000*
Non-current assets			
Investments accounted for using the equity method	1,796,739	20,140	1,816,879
Equity			
Reserves	(6,026,901)	(20,140)	(6,047,041)

Impact to the consolidated statement of financial position as at 1 January 2022

	As at 1 January 2022		
	As previously stated *HK$000*	Restatement *HK$000*	As restated *HK$000*
Non-current assets			
Investments accounted for using the equity method	1,292,944	19,165	1,312,109
Equity			
Reserves	(7,156,996)	(19,165)	(7,176,161)

Impact to the consolidated statement of profit or loss for the year ended 31 December 2022

	For the year ended 31 December 2022		
	As previously stated *HK$000*	Restatement *HK$000*	As restated *HK$000*
Share of results of investments accounted for using the equity method	(60,881)	975	(59,906)
Loss before income tax	(80,691)	975	(79,716)
Loss for the year	(119,771)	975	(118,796)

2 BASIS OF PREPARATION (Continued)

(c) New standards and interpretations not yet adopted

The following new standard, amendments to standards and interpretations are mandatory for accounting periods on or after 1 January 2023 or later periods but which the Group has not early adopted:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2025
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will apply the above new standard, revised framework and amendments to standards when they become effective. No new standard, revised framework and amendments to standards is expected to have a material effect on the entity in the current or future reporting periods and on foreseeable future transactions.

(d) Change in accounting policy on offsetting arrangement in long service payment scheme in Hong Kong

In June 2022, the Hong Kong Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which will be effective from 1 May 2025 (the "Transition Date"). Under the Amendment Ordinance, any accrued benefits attributable to the employer's mandatory contributions under mandatory provident fund scheme ("MPF Benefits") of an entity would no longer be eligible to offset against its obligations on long service payment ("LSP") for the portion of the LSP accrued on or after the Transition Date. There is also a change in the calculation basis of last monthly wages for the portion of the LSP accrued before the Transition Date.

Prior to 1 January 2023, the Group applied practical expedient in HKAS 19 paragraph 93(b) (the "practical expedient") to account for the offsetable MPF Benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

2 BASIS OF PREPARATION (Continued)

(d) Change in accounting policy on offsetting arrangement in long service payment scheme in Hong Kong (Continued)

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" (the "Guidance") which provides clarified and detailed guidance on the accounting considerations relating to the abolition of the offsetting mechanism. The Guidance clarified that following the enactment of the Amendment Ordinance, LSP is no longer a 'simple type of contributory plans' to which the practical expedient had been intended to apply.

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the practical expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a).

This change in accounting policy is required to be applied retrospectively. However, the abovementioned change in accounting policy does not have material impact to the consolidated financial statements as at 31 December 2021 and 2022.

(e) Adoption of Amendments to HKAS 12

The amendments narrow the scope of initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. The Group should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with these transactions. The cumulative effect of recognising these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate.

By adopting the above amendments, the Group should recoginse the temporary difference arose from right-of-use assets and lease liabilities at the beginning of the earliest comparative period.

The adoption of above amendments does not have any impact on the consolidated statement of financial position and consolidated statement of profit or loss and comprehensive income for the current period or any prior period and is not likely to affect future periods, but it affects the disclosure of deferred tax assets and deferred tax liabilities as shown in Note 29.

3 FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include equity instruments at FVTOCI, loan receivable from an associate at FVTPL, amounts due from associates at FVTPL, loans receivables, other financial assets at FVTPL, trade and other receivables and deposits, bank deposits, pledged bank deposits, cash and cash equivalents, borrowings, trade payables, deposits received and accrued charges and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors

Financial instruments by categories

The Group holds the following financial instruments:

	As at 31 December 2023 *HK$'000*	As at 31 December 2022 *HK$'000*
Financial assets		
Financial assets at FVTPL:		
– Amounts due from associates at FVTPL	**–**	–
– Loan receivable from an associate at FVTPL	**–**	–
– Other financial assets at FVTPL	**357,264**	348,624
Financial assets at FVTOCI:		
– Equity instruments at FVTOCI	**1,574,566**	1,883,175
Financial assets at amortised cost:		
– Trade and other receivables and deposits	**140,482**	93,478
– Loans receivables	**360,101**	511,887
– Pledged bank deposits	**1,651,876**	1,164,726
– Bank deposits	**483,996**	693,729
– Cash and cash equivalents	**512,602**	846,107
Total	**5,080,887**	5,541,726

	As at 31 December 2023 *HK$'000*	As at 31 December 2022 *HK$'000*
Financial liabilities		
Financial liabilities at amortised cost:		
– Trade payables and accrued charges	**194,439**	192,746
– Borrowings	**1,565,700**	1,153,600
– Lease liabilities	**7,274**	9,118
Total	**1,767,413**	1,355,464

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk

Foreign currency risk

Currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cash flows. The management of the Group considers the Group is not exposed to significant foreign currency risk as majority of its transactions are denominated in RMB (the functional currency of the Group's major subsidiaries). There were certain financial assets are denominated in foreign currencies other than the functional currency of the relevant group entities, which expose the Group to foreign currency risk.

At the end of the reporting period, the Group has the following financial assets denominated in foreign currencies of the relevant group entities:

	31 December 2023		31 December 2022	
	HK$	***USD***	*HK$*	*USD*
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
RMB as functional currency				
– Cash and cash equivalents	**659**	**261**	16,258	221
– Loan receivable from an associate at FVTPL	**–**	**–**	–	–
– Amounts due from associates at FVTPL	**–**	**–**	–	–
– Financial assets at FVTOCI	**1,445,040**	**–**	1,741,500	–
– Other financial assets at FVTPL	**2,703**	**–**	3,304	–

	31 December 2023		31 December 2022	
	RMB	***USD***	*RMB*	*USD*
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
HK$ as functional currency				
– Cash and cash equivalents	**1,268**	**12,890**	12,000	11,285
– Financial assets at FVTOCI	**–**	**56,809**	–	54,556
– Other financial assets at FVTPL	**–**	**111,089**	–	121,932

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

Foreign currency risk (Continued)

Since the exchange rate of HK$ is pegged with USD, the Group does not expect any significant movements in USD/HK$ exchange rates. Therefore, the following sensitivity analysis does not include the effect between USD and HK$. The Group's sensitivity is based on 5% increase and decrease in the functional currency of the respective group entity against relevant foreign currencies and all other variables were held constant. 5% is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates.

If foreign currencies had weakened/strengthened 5% against the respective functional currencies and all other variables were held constant, the Group's loss after income tax for the year ended 31 December 2023 would increase/decrease by HK$54,372,000 (2022: loss after income tax would increase/decrease by HK$66,498,000). This is mainly attributable to the Group's exposure to foreign currency exchange rate on the bank balances, other financial assets at FVTPL and equity instruments at FVTOCI.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

Cash flow and fair value interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate financial assets (including loans receivables, loan receivable from an associate at FVTPL, amounts due from associates at FVTPL) and lease liabilities as at 31 December 2023 and 2022. The Group is also exposed to cash flow interest rate risk in relation to variable-rate structured deposits at FVTPL, bank deposits, pledged bank deposits, cash and cash equivalents, and bank borrowings as at 31 December 2023 and 2022.

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management of the Group will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, for floating rate bank borrowings that are linked to HIBOR, the Group had confirmed with the relevant counterparty HIBOR will continue to maturity. The management of the Group considers that the risks arising from the interest rate benchmark reform is immaterial.

Sensitivity analysis

The management of the Group considers that the Group's exposure to cash flow interest rate risk on variable-rate bank deposits, pledged bank deposits and cash and cash equivalents as a result of the change of market interest rate is insignificant and thus no sensitivity analysis is prepared for interest rate risk.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

Sensitivity analysis (Continued)

The sensitivity analyses below have been determined based on the exposure to cash flow interest rate risk for financial instruments at the end of the reporting period. For variable-rate bank borrowings, the analysis is prepared assuming the stipulated changes took place at the beginning of the financial year with other variables held constant throughout the reporting period. A 50 basis points increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates. If interest rates on variable-rate bank borrowings in Hong Kong had been 50 basis points higher/lower and all other variables were held constant, the Group's loss after income tax for the year ended 31 December 2023 would increase/decrease by HK$6,537,000 (2022: loss after income tax would increase/decrease by HK$4,816,000).

Other price risk

The Group is exposed to price risk through its financial assets at FVTPL and equity instruments at FVTOCI.

For equity securities measured at FVTPL quoted in the stock exchanges and the unlisted funds, the management of the Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group also invested in certain unquoted equity securities for investees operating in diversified industry sectors for long term strategic purposes which had been designed as FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent other price risk as the year end exposure does not reflect the exposure during the year.

The sensitivity analyses below have been determined based on the exposure to price risks.

If the prices of the respective instruments had been 10% higher/lower, loss after income tax for the year ended 31 December 2023 would decrease/increase by HK$27,772,000 (2022: loss after income tax would decrease/increase by HK$27,211,000) as a result of the changes in fair value of respective financial assets at FVTPL and investments revaluation reserve for the year ended 31 December 2023 would increase/decrease by HK$108,378,000 (2022: HK$130,613,000) as a result of the change in fair value of equity instruments at FVTOCI.

(b) Credit risk

Credit risk arises from equity instruments at FVTOCI, loan receivables, other financial assets at FVTPL, trade and other receivables, deposits, pledged bank deposits, bank deposits, and cash and cash equivalents.

The carrying amounts of equity instruments at FVTOCI, loan receivables, other financial assets at FVTPL, trade and other receivables, deposits, pledged bank deposits, bank deposits, and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Risk management

The credit risk on bank deposits, including interest receivables, pledged bank deposits and cash and cash equivalents of the Group is limited because the counterparties are banks and financial institutions with high credit ratings assigned by international credit-rating agencies and no history of default in the past.

For trade receivables arising from contracts with customers, loans receivables and finance lease receivables, in order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit rating system to assess the potential customer's credit quality and defines credit limits by customer. Credit risk of loans receivables and finance lease receivables are assessed individually. The trade receivables from property management and property investment business are grouped and assessed collectively by reference to past default experience and current past due exposure of the debtor. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables, management of the Group makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information.

45% (2022: 54%) of loan receivables as at 31 December 2023 is a debtor operating in commercial lending business (2022: commercial lending business). Other than the concentration of credit risk for loan receivables disclosed above, the Group does not have any other significant concentration of credit risk.

Collections of outstanding receivable balances are closely monitored on an ongoing basis to minimise such credit risk.

(ii) Impairment of financial assets

Trade receivables from property management and property investments business, and loan receivables are subject to the expected credit loss ("ECL") model. While bank deposits, including interest receivables, pledged bank deposits and cash and cash equivalents are subject to the impairment requirement of HKFRS 9, the identified impairment loss was immaterial.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ finance lease receivables	Other financial assets/others
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL (non-credit-impaired)	12-month ECL
Medium risk	Debtor with history of requesting the extension of due date but usually settle within the extended due date	Lifetime ECL (non-credit-impaired)	12-month ECL
High risk	There have been significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL (non-credit-impaired)	Lifetime ECL (non-credit-impaired)
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL (credit-impaired)	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and financial guarantee contracts which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	Gros carrying amounts	
				As at 31 December 2023	As at 31 December 2022
				HK$'000	*HK$'000*
Financial assets at amortised costs					
Loans receivables	22	Low risk	12-month ECL	**88,930**	64,501
		Medium risk	12-month ECL	**329,329**	454,955
		Loss	Lifetime ECL (credit-impaired)	**–**	22,396
Trade receivables	21	Low risk	Lifetime ECL (provision matrix)	**4,299**	7,602
Other receivables and deposits excluding interest receivables from bank deposits	21	Low risk	12-month ECL	**11,360**	15,576
Other item					
Financial guarantee contracts	33	Low risk	12-month ECL	**2,969**	7,100

Trade receivables

The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. 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 from property management and property investments business is insignificant as the debtors have good settlement history.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Loan receivables (Continued)

The Group estimates the ECL under HKFRS 9 ECL models. The Group assesses whether the credit risk of loan receivables have increased significantly since their initial recognition, and apply a three-stage impairment model to calculate their ECL, the management assesses impairment loss using the risk parameter modelling approach that incorporates key measurement parameters, including probability of default, loss given default and exposure at default, with the consideration of forward-looking information. Loans receivables are assessed individually by the management of the Group.

The loss rate ranging from 0.04% to 23.1% (2022: 2.26% to 48.7%) is applied to the debtors. As at 31 December 2023, the allowance for credit loss on loans receivables is HK$58,158,000 (2022: HK$29,965,000).

Other receivables

For the purpose of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. Based on the assessment of the management, the ECL on other receivables and deposits is insignificant.

Financial guarantee contracts

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was HK$2,969,000 (2022: HK$7,100,000) as at 31 December 2023. At the end of the reporting period, the directors of the Company have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12-month ECL. Based on the assessment of the management, the ECL on financial guarantee contracts is insignificant.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

The following tables show reconciliation of loss allowances that has been recognised for loans receivables which is measured under 12-month ECL and lifetime ECL and finance lease receivables which is measured under lifetime ECL:

	12-month ECL	Lifetime ECL (credit-impaired)	
	Loans receivables ***HK$'000***	**Loans receivables** ***HK$'000***	**Finance lease receivables** ***HK$'000***
As at 1 January 2022	10,711	—	5,273
Write-offs	—	—	(4,830)
Impairment losses written back	(338)	—	—
Additions	8,511	12,606	—
Currency realignment	(1,102)	(423)	(443)
As at 31 December 2022	17,782	12,183	—
Impairment losses written back	(6,868)	(12,075)	—
Additions	47,725	—	—
Currency realignment	(481)	(108)	—
As at 31 December 2023	58,158	—	—

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) *Liquidity risk*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and bank balances (including bank deposits, pledged bank deposits, and cash and cash equivalents) which is expected adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on borrowings as a source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Repayable on demand *HK$'000*	Less than 1 year *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*	Over 5 years *HK$'000*	Total *HK$'000*
As at 31 December 2023						
Trade payables, deposits received and accrued charges	**194,439**	**–**	**–**	**–**	**–**	**194,439**
Borrowings	**1,565,700**	**–**	**–**	**–**	**–**	**1,565,700**
Lease liabilities	**–**	**1,991**	**1,892**	**4,257**	**–**	**8,140**
	1,760,139	**1,991**	**1,892**	**4,257**	**–**	**1,768,279**
As at 31 December 2022						
Trade payables, deposits received and accrued charges	185,378	–	–	–	–	185,378
Borrowings	1,153,600	–	–	–	–	1,153,600
Lease liabilities	–	2,288	1,991	5,676	473	10,428
	1,338,978	2,288	1,991	5,676	473	1,349,406

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The Group also provides guarantees to secure repayment obligations of certain purchasers of the Group's property units which will have contractual cash flows only if the guaranteed purchasers default the repayment (Note 33).

	Less than 1 year *HK$'000*	1 to 2 years *HK$'000*	2 to 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount *HK$'000*
As at 31 December 2023	**1,387,398**	**11,722**	**222,727**	**1,621,847**	**1,565,700**
As at 31 December 2022	179,460	1,093,204	–	1,272,664	1,153,600

3.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which include the borrowings disclosed in Note 28, and equity attributable to owners of the Company, comprising share capital and reserves including retained earnings.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the drawdown of bank borrowings or the redemption of existing debt.

3.3 Fair value estimation

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged an independent professional valuer to perform the valuation. The management of the Group works closely with the independent professional valuer to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports to the executive directors of the Company semi-annually to explain the cause of fluctuations in the fair value of the assets.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s)
	As at 31 December 2023	As at 31 December 2022		
	HK$'000	*HK$'000*		
Equity securities of ZhongAn Online classified as equity instruments at FVTOCI	**1,445,040**	1,741,500	Level 1	Quoted bid prices in an active market
Equity securities of an entity listed in Hong Kong classified as equity instruments at FVTOCI	**46,749**	62,730	Level 1	Quoted bid prices in an active market
Unlisted fund investments classified as equity instruments at FVTOCI	**70,708**	71,106	Level 3	Fair value measurement basis conducted by fund managers (which is based on net asset value of fund (i.e. fair value of the portfolio included in the fund) (Note (i))
Unlisted equity securities classified as equity instruments at FVTOCI	**12,069**	7,719	Level 3	Fair value measurement basis conducted by independent professional valuer engaged by the management (which is based on net asset value of the entity (i.e. fair value of the portfolio included in the entity) (Note (ii))
Unlisted fund investments classified as financial assets at FVTPL	**335,586**	332,899	Level 3	Fair value measurement basis conducted by fund managers (which is based on net asset value of fund (i.e. fair value of the portfolio included in the fund) (Note (iii))
Unlisted equity securities classified as equity instruments at FVTOCI	**–**	1,120	Level 2	Recent transaction price
Unlisted equity securities classified as financial assets at FVTPL	**5,519**	–	Level 2	Recent transaction price
Equity securities listed in Hong Kong, PRC and the overseas classified as financial assets at FVTPL	**16,159**	15,724	Level 1	Quoted bid prices in active markets
Loan receivable from an associate and amounts due from associate at FVTPL	**– (Note 19)**	– (Note 19)	Level 3	Discounted cash flow based on the estimated future cash flows (including the revenue growth rate of 2.0% (2022: 2.0%) that are expected to be received by the Group as well as the estimated timing of such receipts, discounted at a rate that reflects the credit risk of the associates of 26.1% (2022: 22.3%) (Note (iv))

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

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

Notes:

(i) As at 31 December 2023, the unlisted fund investments have no recent transactions as such the fair value of unlisted fund investments classified as equity instruments at FVTOCI was determined based on the fair value measurement basis conducted by the fund managers. As the fair value of the underlying portfolio included in the funds is classified as Level 3 of the fair value hierarchy, thus unlisted fund investments classified as equity instruments at FVTOCI classified as Level 3 of the fair value hierarchy as at 31 December 2023.

A 5% increase/decrease in fair value of the fund holding all other variables constant would increase/decrease the investments revaluation reserve for the year ended 31 December 2023 by HK$2,625,000 (2022: HK$2,629,000).

(ii) As at 31 December 2023, the unlisted equity securities have no recent transactions as such the fair value of unlisted equity securities classified as equity instruments at FVTOCI was determined at a basis of valuation carried out by an independent qualified valuer. As the fair value of the underlying equity interests of the entities is classified as Level 3 of the fair value hierarchy, thus unlisted equity securities classified as equity instruments at FVTOCI classified as Level 3 of the fair value hierarchy as at 31 December 2023.

A 5% increase/decrease in fair value of the entity holding all other variables constant would increase/decrease the investments revaluation reserve for the year ended 31 December 2023 by HK$453,000 (2022: HK$289,000).

(iii) As at 31 December 2023, the unlisted fund investments have no recent transactions as such the fair value of unlisted fund investments classified as financial assets at FVTPL was determined based on fair value measurement basis conducted by the fund managers. As the fair value of the underlying portfolio included in the funds is classified as Level 3 of the fair value hierarchy, thus unlisted fund investments classified as financial assets at FVTPL classified as Level 3 of the fair value hierarchy as at 31 December 2023.

A 5% increase/decrease in fair value of the fund holding all other variables constant would decrease/increase the loss for after income tax the year ended 31 December 2023 by HK$12,584,000 (2022: HK$12,484,000).

(iv) The management of the Group has performed sensitivity analysis on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL as at 31 December 2023 for (i) a 0.5% increase in the revenue growth rate holding all other variables constant and (ii) a 0.5% decrease in the discount rate holding all other variables constant. There is no change to the carrying amount of loan receivable from an associate at FVTPL and amounts due from associates at FVTPL as the change in fair value in the sensitivity analysis is then offset by the share of loss of RGAP Group, the management of the Group considers the disclosure of the result of sensitivity analysis is unrepresentative for loan receivable from an associate at FVTPL and amounts due from associates at FVTPL as at 31 December 2023 (2022: same).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

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

The transfers between levels of the fair value hierarchy is determined at the date of the event or change in circumstances that caused the transfer.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (Continued)

The following table presents the changes in level 3 items for the years ended 31 December 2023 and 31 December 2022:

	Other financial assets at FVTPL	Loan receivable from an associate at FVTPL	Amounts due from associates at FVTPL	Unlisted fund investments and equity securities at FVTOCI	Structured bank deposits at FVTPL	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2022	1,098,808	–	–	124,850	307,036	1,530,694
Addition	–	–	–	1,385	–	1,385
Disposal/settlement/redemption	(638,077)	–	–	(1,648)	–	(639,725)
Placement of structured deposits at FVTPL	–	–	–	–	74,160	74,160
Withdrawal of structured deposits at FVTPL	–	–	–	–	(365,186)	(365,186)
Advance to associates	–	–	24,336	–	–	24,336
Repayment from associates	–	–	(9,908)	–	–	(9,908)
Share of results of investments accounted for using the equity method	–	187,743	–	–	–	187,743
Currency realignment	(51,738)	–	–	(1,572)	(16,010)	(69,320)
Fair value change to profit or loss	(76,094)	(187,743)	(14,428)	–	–	(278,265)
Fair value change to other comprehensive income	–	–	–	(45,190)	–	(45,190)
As at 31 December 2022 and 1 January 2023	**332,899**	**–**	**–**	**77,825**	**–**	**410,724**
Addition	**13,319**	**–**	**22,198**	**4,857**	**–**	**40,374**
Disposal/settlement/redemption	**–**	**–**	**–**	**(3,424)**	**–**	**(3,424)**
Transfer into level 3	**–**	**–**	**–**	**1,120**	**–**	**1,120**
Advance to associates	**–**	**–**	**15,691**	**–**	**–**	**15,691**
Share of results of investments accounted for using the equity method	**–**	**247,482**	**–**	**–**	**–**	**247,482**
Currency realignment	**(3,205)**	**–**	**–**	**(309)**	**–**	**(3,514)**
Fair value change to profit or loss	**(7,427)**	**247,482**	**(37,889)**	**–**	**–**	**(292,798)**
Fair value change to other comprehensive income	**–**	**–**	**–**	**2,708**	**–**	**2,708**
As at 31 December 2023	**335,586**	**–**	**–**	**82,777**	**–**	**418,363**

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Current and deferred income taxes

The Group makes a provision for current income tax based on estimated taxable income for the year. The estimated income tax liabilities are primarily computed based on the tax computations as prepared by the Group. Nevertheless, from time to time, there are queries raised by the tax authorities of Hong Kong on the tax treatment of items included in the tax computations and certain non-routine transactions. If the Group considers it probable that these queries or judgements will result in different tax positions, the most likely amounts of the outcome will be estimated and adjustments to the income tax expense and income tax liabilities will be made accordingly.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. The Group recognises deferred income tax assets based on profits forecasts prepared by management. When the expectation is different from the original estimates, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

(b) Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the independent professional valuer has based on a method of valuation which involves certain estimates including capitalisation rates, market rent and adjustments to market rent. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of fair value gain or loss reported in the profit or loss. As at 31 December 2023, the carrying amount of the Group's investment properties is HK$2,285,002,000 (2022: HK$2,574,020,000).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Impairment of investment accounted for using the equity method - ZhongAn Technologies International Group Limited ("ZhongAn International")

The Group assesses at the end of each reporting period to consider whether there is any indication for impairment on the investment accounted for using the equity method - ZhongAn International and further assesses if they have suffered any impairment. The carrying amount of interests in ZhongAn Internatinal is mainly consist of (a) Banking Business; (b) Insurance Business; and (c) Technology Business. The Group determines the respective recoverable amounts of the Banking Business, Insurance Business and Technology Business which was measured at the higher of the VIU and FVLCOD with the assistance from an independent professional valuer engaged by the Group. Based on the assessment result, the respective recoverable amounts exceeds the carrying amount of the Banking Business, Insurance Business and Technology Business as at 31 December 2023 and hence no provision for impairment of interest in ZhongAn International have been recognised.

(d) Estimate for net realisable value of stock of properties

The carrying amounts of stock of properties amounted to HK$868,868,000 (2022: HK$873,634,000). The net realisable value of stock of properties was determined by the expected selling prices with reference to recent market transactions by making reference to the prevailing market price of comparable properties less to related future selling costs and costs to completion based on management's estimation. The determination of net realisable value of the Group's stock of properties involves critical accounting estimates on the selling price, the selling costs and the costs to completion of stock of properties. Management estimated the selling price, the selling costs and the costs to completion by referencing to the comparable market transactions, selling costs to revenue ratio in previous projects and management budget of estimated cost to completion respectively. Changes in data input and estimations would result in changes in the net realisable value of stock of properties and the corresponding adjustments to the amount of impairment loss reported in the profit or loss.

(e) Fair value of loan receivable from an associate at FVTPL and amounts due from associates at FVTPL

The Group has a loan receivable from an associate (see Note 19) which represents a shareholder's loan advanced to the Group's associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), for financing a property development and property investment project in Shanghai. As at 31 December 2023 and 2022, there was also amounts due from associates (Note 19) represent receivables mainly arisen from provision of property management services by the Group and fund advanced from the Group.

The loan receivable from an associate and amounts due from associates are unsecured and has no fixed repayment terms. The directors of the Company consider that they will not be repayable within one year from the end of the reporting period, they are classified as non-current asset accordingly. Loan receivable from an associate as well as the amounts due from associates represent an investment in the project of RGAP and its subsidiaries ("RGAP Group") that the repayments of loan receivable from an associate and amounts due from associates do not solely payments of principal and interest on the principal outstanding and hence are both measured at FVTPL. The fair values of these amounts are dependent on the cash flow to be received from RGAP Group that generated from the property development and property investment project impacted by growth rate and the discount rate applied. Where the actual future cash flows or discount rate are changed, a change of fair value may arise.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Fair value of loan receivable from an associate at FVTPL and amounts due from associates at FVTPL (Continued)

In determining the fair values of loan receivable from an associate at FVTPL and amounts due from associates at FVTPL as at 31 December 2023 and 2022, the directors of the Company have taken into account the development status of the property development and property investment project, the expected time to sell the residential properties and the expected market price and the future rental income of the properties, where appropriate, in order to determine the estimated future cash flows and timing of such cash flows of the loan receivable from an associate at FVTPL and the amounts due from associates at FVTPL. Also, the Group engaged an independent professional valuer to perform the estimation of discount rate representing the market interest rate of the associates. The carrying amounts of loan receivable from an associate at FVTPL and amounts due from associates at FVTPL after share of loss and other comprehensive expenses of associates in excess of cost of investment are both nil as at 31 December 2023 and 2022. A fair value loss of HK$285,371,000 (2022: HK$210,082,000) was recognised during the year ended 31 December 2023.

(f) Impairment of hotel buildings

Assessing impairment of hotel buildings requires an estimation of its recoverable amounts which is determined based on fair value less costs of disposal. The estimation made by an independent professional valuer is considered to be key areas of judgment, including adjusted room rent and capitalisation rate during the years ended 31 December 2023 and 2022. Where there are changes in assumptions due to market conditions, the estimate of recoverable amount may be affected. Details of the recoverable amount calculation of hotel buildings are disclosed in Note 15. As at 31 December 2023, the carrying amounts of hotel buildings are HK$86,526,000 (2022: HK$97,084,000). During the years ended 31 December 2023 and 2022, the Group has not recognised any impairment loss on hotel buildings.

5 REVENUE AND SEGMENT INFORMATION

(a) Revenue

(i) Disaggregation of revenue from contracts with customers

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

	2023	2022
	HK$'000	*HK$'000*
Recognised over time under HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")		
– Property management fee income	**106,644**	120,244
– Other service income	**62,904**	58,201
Recognised under HKFRS 15	**169,548**	178,445
Recognised under other HKFRSs:		
– Rental income	**166,042**	176,349
– Interest income from financing services business	**25,223**	25,587
	360,813	380,381

All of the Group's revenue is generated from the People's Republic of China (the "PRC") during the years ended 31 December 2023 and 2022.

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

For the year ended 31 December 2023

	Property management	**Property investment**	**Financing services**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Property management fee income	106,644	–	–	–	106,644
Others	–	–	–	62,904	62,904
Revenue from contracts with customers	106,644	–	–	62,904	169,548
Rental income	–	166,042	–	–	166,042
Interest income from financing services business	–	–	25,223	–	25,223
Total revenue	106,644	166,042	25,223	62,904	360,813

5 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue (Continued)

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

For the year ended 31 December 2022

	Property management *HK$'000*	Property investment *HK$'000*	Financing services *HK$'000*	Others *HK$'000*	Total *HK$'000*
Property management fee income	120,244	—	—	—	120,244
Others	—	—	—	58,201	58,201
Revenue from contracts with customers	120,244	—	—	58,201	178,445
Rental income	—	176,349	—	—	176,349
Interest income from financing services business	—	—	25,587	—	25,587
Total revenue	120,244	176,349	25,587	58,201	380,381

(ii) Performance obligations for contracts with customers

Property management fee income

Under the terms of these contracts, the customers of the Group simultaneously receive and consume the benefits provided by the Group's performance as the Group performs (i.e. services rendered by the Group under property management contracts with the customers with standard contract period up to twelve years (2022: twelve years)) and thus these income are recognised over time.

Others

Income from operating hotel and primary school recognised during the year ended 31 December 2023 that were included in the contract liabilities balance at the beginning of the period amounted to HK$6,187,000 (2022: HK$4,953,000).

As at 31 December 2023, there are HK$7,203,000 (2022: HK$6,188,000) of performance obligations related to primary school and hotel operations which have not yet satisfied and are included in the consolidated statement of financial position as "contract liabilities".

5 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue (Continued)

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

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

	2023	2022
	HK$'000	*HK$'000*
Within one year	**20,745**	14,768
More than one year but not more than two years	**12,493**	9,757
More than two years but not more than five years	**16,173**	13,159
More than five years	**19,580**	19,340
	68,991	57,024

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

(iv) Leases

	2023	2022
	HK$'000	*HK$'000*
For operating leases properties:		
– Lease payments that are fixed	**162,879**	173,047
– Variable lease payments that do not depend on an index or a rate	**3,163**	3,302
Total revenue arising from leases	**166,042**	176,349

(v) Accounting policies

Revenue recognition

Revenue from provision of property management services

Revenue from provision of property management services is recognised when the services is provided to the customers throughout the contract period.

Income from hotel operations

Income from hotel operations is recognised in the accounting period in which the services are rendered.

5 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue (Continued)

(v) Accounting policies (Continued)

Tuition, registration and application fees income

Income from tuition, registration and application fees income from provision of education services for operating primary school are recognised when the services are rendered.

Project management service income

Project management service income is recognised in the accounting period in which the services are rendered.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant leases.

Leases for which the Group is a lessor are classified as finance or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership if an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

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

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

5 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue (Continued)

(v) Accounting policies (Continued)

Interest income from financing services business

Interest income accrued from the loan lending business is recognised based on the contractual interest rates to the gross carrying amount of financial assets measured at amortised cost using the effective interest method throughout the lending period except for financial assets that subsequently become credit-impaired.

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Details of other accounting policies relevant to revenue recognition are set out in Note 42.21.

(b) Segment information

Management has determined the operating segments based on the internal reports reviewed by the Group's chief operating decision makers ("CODM"), being the executive directors of the Company. The Group's organised into the following operating segments in their internal reports:

Property development: property development and sale of properties

Property investment: property leasing

Property management: provision of property management services

Financing services: provision of efficient financial leasing solutions and multiple consultancy services

Others: Income from operating hotel and primary school and provision of project management services

The CODM assess the performance of the operating segments based on a measure of segment result.

Segment result represents the loss before taxation incurred by each segment without allocation of other income, unallocated corporate expenses, unallocated other gains/(losses), gain on dilution of investments amounted for using the equity method, share of results of investments accounted for using the equity method, fair value gains/(losses) on other financial assets at FVTPL, fair value loss on loan receivable from an associate and amounts due from associates at FVTPL and finance costs.

5 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

For the year ended 31 December 2023

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Financing services HK$'000	Others HK$'000	Total HK$'000
Revenue						
External sales	–	106,644	166,042	25,223	62,904	360,813
Result						
Segment results	(499)	(7,978)	(109,846)	(7,652)	(5,246)	(131,221)
Other income						95,710
Unallocated corporate expenses						(57,044)
Unallocated other losses						(519)
Gain on dilution of investments accounted for using the equity method						131,970
Fair value losses on other financial assets at FVTPL						(2,324)
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL						(285,371)
Share of results of investments accounted for using the equity method						29,583
Finance costs						(87,140)
Loss before income tax						(306,356)

5 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

For the year ended 31 December 2022

	Property development *HK$'000*	Property management *HK$'000*	Property investment *HK$'000*	Financing services *HK$'000*	Others *HK$'000*	Total *HK$'000* (Restated) (Note 2(b))
Revenue						
External sales	–	120,244	176,349	25,587	58,201	380,381
Result						
Segment results	(1,301)	1,973	153,445	1,741	(6,596)	149,262
Other income						130,516
Unallocated corporate expenses						(85,718)
Unallocated other losses						(39,902)
Gain on dilution of investments accounted for using the equity method						183,629
Fair value losses on other financial assets at FVTPL						(109,420)
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL						(202,171)
Share of results of investments accounted for using the equity method						(59,906)
Finance costs						(46,006)
Loss before income tax						(79,716)

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.

5 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Other segment information

	Property development HK$'000	Property management HK$'000	Property Investment HK$'000	Financing services HK$'000	Others In operating segments HK$'000	Unallocated HK$'000	Consolidated HK$'000
For the year ended 31 December 2023							
Amounts included in measure of segment results:							
Depreciation of other property, plant and equipment	–	361	1,100	13	17,267	1,637	20,378
Depreciation of right-of-use assets included in property, plant and equipment	–	–	1,193	–	–	1,879	3,072
Fair value loss of investment properties	–	–	253,483	–	–	–	253,483
Net impairment loss on financial assets	–	–	–	28,782	–	–	28,782
Amounts regularly provided to CODM but not included in the measure of segment results:							
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL	–	–	–	–	–	285,371	285,371
Gain on dilution of investments accounted for using the equity method	–	–	–	–	–	(131,970)	(131,970)
Share of results of investments accounted for using the equity method	–	–	–	–	–	(29,583)	(29,583)
Interest income (other than interest income from financing services)	–	–	–	–	–	(78,214)	(78,214)
Fair value losses on other financial assets at FVTPL	–	–	–	–	–	2,324	2,324
Finance costs	–	–	–	–	–	87,140	87,140

5 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Other segment information (Continued)

	Property development HK$'000	Property management HK$'000	Property Investment HK$'000	Financing services HK$'000	Others In operating segments HK$'000	Unallocated HK$'000	Consolidated HK$'000 (Restated) (Note 2(b))
For the year ended 31 December 2022							
Amounts included in measure of segment results:							
Depreciation of other property, plant and equipment	–	182	112	33	10,729	9,435	20,491
Depreciation of right-of-use assets included in property, plant and equipment	–	–	1,245	445	–	3,766	5,456
Fair value loss of investment properties	–	–	11,472	–	–	–	11,472
Net impairment loss on financial assets	–	–	–	20,779	–	–	20,779
Amounts regularly provided to CODM but not included in the measure of segment results:							
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL	–	–	–	–	–	202,171	202,171
Gain on dilution of investments accounted for using the equity method	–	–	–	–	–	(183,629)	(183,629)
Share of results of investments accounted for using the equity method	–	–	–	–	–	59,906	59,906
Interest income (other than interest income from financing services)	–	–	–	–	–	(121,521)	(121,521)
Fair value loss on other financial assets at FVTPL	–	–	–	–	–	109,420	109,420
Finance costs	–	–	–	–	–	46,006	46,006

All the Group's revenue for both years is generated from the PRC. The Group's non-current assets other than financial instruments, deferred tax assets and investments accounted for using the equity method of HK$2,478,872,000 (2022: HK$2,790,182,000) and HK$9,870,000 (2022: HK$11,281,000), respectively, are located in the PRC and Hong Kong, based on the place of domicile of the group entities that hold such assets. No individual customer of the Group has contributed sales over 10% of the revenue of the Group during each of the year ended 31 December 2023 or 2022.

6 OTHER INCOME

	2023 HK$'000	2022 HK$'000
Dividends from financial assets at FVTPL	**11,314**	6,828
Interest income on bank deposits	**25,839**	29,733
Interest income on pledged bank deposits	**52,375**	35,452
Interest income on structured deposits	**–**	8,365
Interest income on other financial assets at FVTPL	**–**	47,971
Others	**6,182**	2,167
	95,710	130,516

7 OTHER GAINS/(LOSSES), NET

	2023 HK$'000	2022 HK$'000
Gain/(loss) on disposal of property, plant and equipment	**419**	(563)
Net exchange gains/(losses)	**192**	(33,191)
	611	(33,754)

8 FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest on borrowings	**85,979**	44,016
Interest on lease liabilities	**444**	424
Interest on deposits received for rental	**717**	1,566
	87,140	46,006

9 EXPENSES BY NATURE

	2023	2022
	HK$'000	*HK$'000*
Staff cost (Note 10)	**134,965**	142,866
Depreciation on property, plant and equipment and rights-of-use assets (Note 15)	**23,450**	25,947
Legal and professional fee	**12,398**	25,149
Repair and maintenance	**19,909**	17,810
Utilities	**19,713**	17,227
Cleaning charges	**9,290**	13,168
Sundry expenses	**11,918**	9,505
Bank charges	**9,689**	6,592
Auditor's remuneration		
– Audit services	**3,330**	4,150
– Non-audit services	**780**	630
Expenses relating to short-term leases and leases of low-value assets	**164**	4,297
Others	**22,337**	23,573
Total cost of sales, selling and administrative expenses	**267,943**	290,914

10 EMPLOYEE BENEFIT EXPENSES

(a) Staff cost (including directors' remuneration)

	2023	2022
	HK$'000	*HK$'000*
Wages and salaries	**125,938**	132,548
Retirement benefits schemes contributions	**9,027**	10,318
Total employee benefit expenses	**134,965**	142,866

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included five (2022: five) directors whose emoluments are included in Note 11.

During the year, no remuneration was paid by the Group to the five highest paid individuals or directors of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any remunerations for the years ended 31 December 2023 and 2022.

11 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

The emoluments paid or payable to each of the 9 (2022: 8) directors of the Company were as follows:

	Year ended 31 December 2023									
	Executive directors		Non-executive directors			Independent non-executive directors				
	Mr. Xiang Ya Bo HK$'000 (Note c)	Mr. Chen Wei HK$'000	Mr. Ou Yaping HK$'000	Mr. Ou Jin Yi Hugo HK$'000	Mr. Tang Yui Man Francis HK$'000	Mr. Xin Luo Lin HK$'000	Mr. Tian Jin HK$'000	Dr. Xiang Bing HK$'000 (Note g)	Mr. Chen Hui HK$'000 (Note g)	Total HK$'000
Fees (Note a)	–	–	–	–	–	250	250	104	146	750
Other emoluments										
Salaries and other benefits (Notes b and c)	3,949	1,200	2,880	1,200	2,068	–	–	–	–	11,297
Retirement benefits schemes contributions	18	42	42	18	18	–	–	–	–	138
Total emoluments	3,967	1,242	2,922	1,218	2,086	250	250	104	146	12,185

	Year ended 31 December 2022								
	Executive directors		Non-executive directors			Independent non-executive directors			
	Mr. Xiang Ya Bo HK$'000 (Note c)	Mr. Chen Wei HK$'000	Mr. Ou Yaping HK$'000	Mr. Ou Jin Yi Hugo HK$'000	Mr. Tang Yui Man Francis HK$'000	Mr. Xin Luo Lin HK$'000	Mr. Tian Jin HK$'000	Dr. Xiang Bing HK$'000	Total HK$'000
Fees (Note a)	–	–	–	–	–	250	250	250	750
Other emoluments									
Salaries and other benefits (Notes b and c)	3,949	1,200	2,880	1,200	2,068	–	–	–	11,297
Retirement benefits schemes contributions	18	42	42	18	18	–	–	–	138
Total emoluments	3,967	1,242	2,922	1,218	2,086	250	250	250	12,185

Notes:

(a) The director's fees of independent non-executive directors are determined by the board of directors and the remuneration committee of the Company with reference to their duties and responsibilities with the Group and to be authorised by the shareholders of the Company at the annual general meeting.

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

Notes: (Continued)

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

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

(d) Directors' termination benefits

None of the directors received or will receive any termination benefits during the years ended 31 December 2023 and 2022.

(e) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2023 and 2022, the Group did not pay consideration to any third parties for making available directors' services.

(f) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 December 2023 and 2022, there were no loans, quasi-loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors.

(g) Dr. Xiang Bing retired on 31 May 2023, while Mr. Chen Hui was appointed on the same date.

12 INCOME TAX (CREDIT)/EXPENSE

	2023	2022
	HK$'000	*HK$'000*
Current income tax		
– PRC corporate income tax	**44,590**	54,656
– PRC withholding tax	**4,661**	12,225
– Over provision in prior year	**(1,069)**	—
Deferred income tax (Note 29)	**(69,118)**	(27,801)
	(20,936)	39,080

PRC Corporate Income Tax

The income tax provision of the Group in respect of operations in the PRC has been recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

The corporate income tax rate applicable to the group entities located in the PRC is 25% (2022: 25%) according to the Corporate Income Tax Law of the PRC (the "CIT Law").

12 INCOME TAX (CREDIT)/EXPENSE (Continued)

PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

PRC withholding tax

Pursuant to the Detailed Implementation Regulations for implementation of the CIT Law issued on 6 December 2017, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong.

Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% for the year ended 31 December 2023 (2022: 16.5%). Hong Kong profits tax has not been provided as the Group did not have any assessable profits for both years.

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

	2023 ***HK$'000***	2022 *HK$'000* (Restated) (Note 2(b))
Loss before income tax	**(306,356)**	(79,716)
Adjust for share of results of investments accounted for using the equity method	**(29,583)**	59,906
	(335,939)	(19,810)
Tax calculated at domestic tax rates applicable to loss in the respective countries	**(85,828)**	(8,042)
Tax effect of expenses not deductible for tax purpose	**31,299**	39,176
Tax effect of income not taxable for tax purpose	**(42,451)**	(42,688)
Tax effect on deferred tax liabilities resulting from withholding tax on undistributed profits of subsidiaries	**6,212**	5,064
Tax effect of tax losses not recognised	**130**	316
Over-provision in prior year	**(1,069)**	—
Utilisation of tax losses previously not recognised	**(333)**	(4,062)
Tax effect of deductible temporary differences not recognised	**71,343**	50,543
Utilisation of deductible temporary difference previously not recognised	**(239)**	(1,227)
Income tax (credit)/expense for the year	**(20,936)**	39,080

12 INCOME TAX (CREDIT)/EXPENSE (Continued)

Hong Kong profits tax (Continued)

Sinolink Shanghai Investment Limited ("SSI") tax case in relation to the chargeability of notional interest income received from an associate

Since 2012, Hong Kong Inland Revenue Department ("IRD") queried against SSI, 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 31 December 2023, the IRD has issued Notice of 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 (2022: 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. The amount was presented as "other receivables" in the Group's consolidated statement of financial position as at 31 December 2023.

In 2016, the IRD issued a letter informing the Group, that the IRDs would put up the case for Commissioner's determination. In 2020, the 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 ("SSI Appeal"). In June 2023, the SSI Appeal hearing was held.

On 29 December 2023, the Board of Review (Inland Revenue Ordinance) released the decision of SSI Appeal ("Decision"), dismissed the appeal and upheld the determination of the notices of Assessments for the years of assessment 2006/2007 to 2013/2014.

On 29 January 2024, the Group filed a Summons for leave to appeal from the Decision of Board of Review (Inland Revenue Ordinance) ("Leave Application"), a Statement of Grounds and Reasons in Support and an affirmation in support.

On 14 February 2024, Commissioner filed an affirmation in opposition to leave application and the Statement of Opposition.

On 27 February 2024, having considered the leave application and Commissioner's Statement of Opposition, instead of disposing of the Leave Application, the High Court assigned the Leave Application to a High Court Judge and directed both the Group and the Commissioner to fix a hearing for argument on leave to appeal ("Leave Application Hearing").

The Leave Application Hearing is going to be held on 30 October 2024. Having taken advices from legal and tax representatives, and with reference of certain precedent case, the directors of the Company are of the view that it is more likely than not they will be able to successfully argue that the merits of the referenced precedent case apply, and hence it is not probable that an outflow of resources will be required to settle this obligation as at 31 December 2023. Therefore, no provision is recognised for the year ended 31 December 2023.

12 INCOME TAX (CREDIT)/EXPENSE (Continued)

Hong Kong profits tax (Continued)

Knatwoord Limited ("Knatwood") tax case in relation to the claim of offshore income

Furthermore, since 2011, the IRD has queried against Knatwood, another subsidiary of the Company regarding the offshore claim in respect of certain income on the transactions between group entities for the year of assessment 2007/2008. Up to 31 December 2023, the Group has purchased tax reserve certificate of approximately HK$23,649,000 (2022: HK$23,649,000) for conditional standover order of objection. The amount is presented as "other receivables" in the Group's consolidated statement of financial position as at 31 December 2023. In 2016, the IRD issued a letter informing the Group that the IRD would put up the case for Commissioner's determination. In 2020, the 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.

The appeal hearing is going to be held on 10 September 2024. Having taken advices from tax and legal representatives, the directors of the Company were of the view that there were ample grounds to contest the tax positions of the subsidiary for the relevant year of assessment and hence it is not probable that an outflow of resources will be required to settle this obligation. Thus no provision is recognised for the year ended 31 December 2023.

Should the decision of these tax disputes turn out to be unfavorable to the Group, the Group may need to record additional provision in respect of these tax disputes in future reporting periods.

13 DIVIDENDS

The directors of the Company do not recommend the payment or declaration of a dividend in respect of the year ended 31 December 2023 (2022: nil).

14 LOSS PER SHARE

(a) Basic

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

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
		(Note 2(b))
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(278,244)**	(142,413)

	2023	2022
Weighted average number of ordinary shares in issue	**6,374,003,096**	6,374,003,096

	2023	2022
		(Restated)
Basic loss per share (HK$ cents)	**(4.37)**	(2.23)

(b) Diluted

Diluted loss per share is calculated by adjusting the net loss and the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive shares.

For the year ended 31 December 2023, the Group has two categories of potentially dilutive shares: share options issued by the Company and an investment accounted for using the equity method - ZhongAn International (2022: same).

The diluted loss per share for the years ended 31 December 2023 and 2022 equal to the basis loss per share as the impact of dilution of the share options is anti-dilutive.

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold lands and buildings HK$'000	Right-of-use assets HK$'000 (Note 15(b))	Hotel buildings HK$'000	Building improvement in hotel HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
As at 1 January 2022	217,350	104,187	269,921	197,420	82,652	15,978	887,508
Disposals	–		–	–	(8)	–	(8)
Additions	3,472	10,119	–	–	481	–	14,072
Currency realignment	(16,796)	(6,427)	(22,671)	(16,581)	(5,058)	(598)	(68,131)
As at 31 December 2022	204,026	107,879	247,250	180,839	78,067	15,380	833,441
Disposals	–	–	–	–	(8,113)	(777)	(8,890)
Additions	683	–	–	–	758	1,942	3,383
Currency realignment	(2,882)	(1,040)	(3,548)	(2,595)	(390)	(161)	(10,616)
As at 31 December 2023	201,827	106,838	243,702	178,244	70,322	16,384	817,317
Depreciation and impairment							
As at 1 January 2022	146,106	41,795	154,078	197,420	74,874	13,623	627,896
Charge for the year	10,784	5,456	8,683	–	357	667	25,947
Disposals	–	–	–	–	(6)	–	(6)
Currency realignment	(11,907)	(1,430)	(12,595)	(16,581)	(4,453)	(873)	(47,839)
As at 31 December 2022	144,983	45,821	150,166	180,839	70,772	13,417	605,998
Charge for the year	10,729	3,072	7,217	–	1,509	923	23,450
Disposals	–	–	–	–	(8,113)	(777)	(8,890)
Currency realignment	(3,159)	(274)	(207)	(2,595)	(661)	(145)	(6,981)
As at 31 December 2023	152,553	48,619	157,176	178,244	63,567	13,418	613,577
Carrying values							
As at 31 December 2023	49,274	58,219	86,526	–	6,755	2,966	203,740
As at 31 December 2022	59,043	62,058	97,084	–	7,295	1,963	227,443

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

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

(i) Non-current assets pledged as security

There was no non-current assets pledged as security by the Group.

(ii) Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

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

Details of other accounting policies relevant to property, plant and equipment are set out in Note 42.4.

(iii) Impairment assessment on hotel buildings

In previous years, the Group recorded an impairment loss on hotel buildings due to the loss-making hotel operation suffered by the Group. As at 31 December 2023, the aggregate impairment losses on hotel buildings was HK$58,882,000 (2022: HK$58,882,000).

Management considers the loss incurred by the hotel operation for the year ended 31 December 2023 to be an impairment indicator, as a result, the Group carried out a review of the recoverable amount of the hotel. The recoverable amount of the hotel buildings as at 31 December 2023 and 2022 has been arrived at on the basis of a valuation carried out by Messrs. Cushman & Wakefield Limited ("C&W"), an independent professional valuer which is not connected with the Group, who are the members of The Hong Kong Institute of Surveyors.

As at 31 December 2023, the recoverable amount of hotel buildings was assessed based on fair value less costs of disposal. The fair value of the hotel building was determined based on income capitalisation approach, which the fair value measurement categorised within Level 3 of the fair value hierarchy. There has been no change to the valuation technique during both years. The key unobservable inputs used in the valuation are adjusted room rent and capitalisation rate of RMB24 per square meter (2022: RMB30 per square meter) and 10% (2022: 10%), respectively. A 5% (2022: 5%) decrease in adjusted room rent used would result 4.7% (2022: 5.6%) decrease in the fair value measurement, and vice versa. A 1% (2022: 1%) increase in capitalisation rate used would result 9.3% (2022: 9.3%) decrease in the fair value measurement, and vice versa.

Since the recoverable amount of the hotel buildings and building improvement in hotel determined based on the above is higher than the carrying amount as at 31 December 2023 and 2022, no impairment loss is recognised in profit or loss during the years ended 31 December 2023 and 2022.

15(b) LEASES

This note provides information for leases where the Group is a lessee.

(i) *Amounts recognised in the consolidated statement of financial position*

The balance sheet shows the following amounts relating to leases:

	2023	2022
	HK$'000	*HK$'000*
Right-of-use assets		
Leasehold land	**51,730**	53,691
Leased properties	**6,489**	8,367
	58,219	62,058
Lease liabilities		
Current	**1,643**	1,844
Non-current	**5,631**	7,274
	7,274	9,118

For the year ended 31 December 2023, there was no addition to the right-of-use assets (2022: additions to right-of-use assets of HK$10,119,000).

(ii) *Amounts recognised in the consolidated statement of profit or loss*

The consolidated statement of profit or loss shows the following amounts relating to leases:

	2023	2022
	HK$'000	*HK$'000*
Depreciation charge of right-of-use assets (Note 15)		
– Leasehold land	**1,193**	1,245
– Leased properties	**1,879**	4,211
	3,072	5,456
Interest expense (included in finance cost)	**444**	424
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	**164**	4,030
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	**–**	267

The total cash outflow for leases for the year ended 31 December 2023 was HK$2,452,000 (2022: HK$8,878,000).

15(b) LEASES (Continued)

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices for its operation. Rental contracts are typically made for fixed periods of one to six years (2022: one to six years) but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor.

(iv) Extension and termination options

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

16 INVESTMENT PROPERTIES

The Group leases out various offices, retail premises and car parks located in the PRC under operating leases with rentals payable monthly. The leases of office and retail premises typically run for an initial period of one to twelve years. The leases of retail stores contain variable lease payment that are based on 2.5% to 25.0% (2022: 2.5% to 25.0%) sales and minimum annual lease payment that are fixed over the lease term.

The lease contracts do not contain residual value guarantee or lessee's option to purchase the property at the end of lease term.

	2023	2022
	HK$'000	*HK$'000*
Opening net book amount	**2,574,020**	2,822,127
Fair value loss on investment properties	**(253,483)**	(11,472)
Exchange realignment	**(35,535)**	(236,635)
	2,285,002	2,574,020

16 INVESTMENT PROPERTIES (Continued)

(i) Amounts recognised in profit or loss for investment properties

	2023 HK$'000	2022 HK$'000
Rental income from operating leases	**166,042**	176,349
Direct operating expenses from investment properties that generated rental income during the year	**(12,234)**	(10,926)
Direct operating expenses from investment properties that did not generate rental income during the year	**(2,200)**	(2,360)
Fair value loss of investment properties	**(253,483)**	(11,472)

(ii) Non-current assets pledged as security

At 31 December 2023, the Group's investment properties with carrying values of HK$441,501,000 (31 December 2022: HK$516,237,000) were pledged to secure general banking facilities granted to the Group.

(iii) Valuation processes of the Group

The Group measures its completed investment properties at fair value at 31 December 2023 and 2022, which have been arrived at on the basis of a valuation carried out on those dates by an independent qualified professional valuer, who is the member of the Hong Kong Institute of Surveyors.

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

(iv) Valuation techniques

The fair values of investment properties were 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 measurement of the Group's investment properties is categorised into level 3 in the fair value hierarchy based on the inputs to valuation techniques used. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3. There has been no change from the valuation technique used in the prior year for offices and retail premises. There were no changes to the valuation techniques during the year.

16 INVESTMENT PROPERTIES (Continued)

(iv) Valuation techniques (Continued)

Information about fair value measurements using significant unobservable inputs

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

Description	Fair value *HK$'000*	Valuation techniques	Key inputs	Range of significant inputs	Relationship of inputs to fair value
As at 31 December 2023					
Office and retail premises	1,741,183	Income capitalisation approach	(i) Capitalisation rate	4.25% - 6.75%	(i) The higher the capitalisation rate, the lower the fair value.
			(ii) Market rent (sq.m./month)	(a) Office: RMB126	(ii) The higher the market rent, the higher the fair value.
				(b) Retails: RMB85 to RMB131	
Car parks	543,819	Income capitalisation approach	(i) Capitalisation rate	4.25%-4.75%	(i) The higher the capitalisation rate, the lower the fair value.
			(ii) Market rent (sq.m./month)	RMB118 to RMB543	(ii) The higher the market rent, the higher the fair value.
	2,285,002				

16 INVESTMENT PROPERTIES (Continued)

(iv) Valuation techniques (Continued)

Description	Fair value HK$'000	Valuation techniques	Key inputs	Range of significant inputs	Relationship of inputs to fair value
As at 31 December 2022					
Office and retail premises	1,937,290	Income capitalisation approach	(i) Capitalisation rate	4.75% - 6.75%	(i) The higher the capitalisation rate, the lower the fair value.
			(ii) Market rent (sq.m./month)	(a) Office: RMB145 (b) Retails: RMB92 to RMB141	(ii) The higher the market rent, the higher the fair value.
Car parks	636,730	Income capitalisation approach	(i) Capitalisation rate	4.75%	(i) The higher the capitalisation rate, the lower the fair value.
			(ii) Market rent (sq.m./month)	RMB200 to RMB620	(ii) The higher the market rent, the higher the fair value.
	2,574,020				

(v) Accounting policies

Investment properties are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. Investment properties are initially measured at cost, included related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are presented in consolidated statement of profit or loss as part of a valuation gain or loss.

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000 (Restated) (Note 2(b))	As at 1 January 2022 HK$'000 (Restated) (Note 2(b))
Cost of unlisted investments accounted for using the equity method	**3,014,232**	2,516,232	1,843,989
Share of post-acquisition results and gain on dilutions	**(717,398)**	(699,353)	(531,880)
	2,296,834	1,816,879	1,312,109

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Details of the Group's principal investments accounted for using the equity method as at 31 December 2023 and 2022 are as follows:

Name of company	Place of incorporation/ establishment and form of business structure	Principal place of operation	Percentage of equity interest attributable to the Group 2023	2022	Nature of relationship	Principal activities
Interest directly held by the Group						
RGAP	BVI - limited liability company	PRC	49%	49%	Associate (2022: same)	Investment holding
ZhongAn International	Hong Kong - limited liability company	Hong Kong	45.53%	44.75%	Joint Venture (2022: same)	Technology development/ Technology consulting
Chongqing ZhongAn Loan Co., Ltd. ("Chongqing ZhongAn")	PRC - sino-foreign equity joint venture	PRC	17.64%	17.64%	Associate (2022: same)	Money lending in the PRC
*Key subsidiaries of RGAP**						
Shanghai Bund de Rockefeller Group Master Development Co., Ltd. ("Shanghai Rockefeller")	PRC - sino-foreign equity joint venture	PRC	44.57%#	44.57%#	Associate (2022: same)	Property development and property investment
Shanghai Rockbund Property Management Limited	PRC - limited liability company	PRC	44.57%#	44.57%#	Associate (2022: same)	Property management
Key subsidiaries of ZhongAn International@						
ZA Tech Global Limited	Hong Kong	Hong Kong	45.53%#	21.93%#	Joint Venture (2022: Associate)	Technology development/ Technology consulting
ZA Bank Limited	Hong Kong	Hong Kong	45.53%#	44.75%#	Joint Venture (2022: Associate)	Virtual banking
ZA Life Limited	Hong Kong	Hong Kong	38.70%#	29.09%#	Joint Venture (2022: Associate)	Life insurance

* RGAP has 90.96% interest in Shanghai Rockefeller and Shanghai Rockbund Property Management Limited as at 31 December 2023 and 2022.

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

@ ZhongAn International has 100% (2022: 49%) interest in ZA Tech Global Limited. The directors of ZhongAn International considered that ZhongAn International controls ZA Tech Global Limited for the year ended 31 December 2022, even though it holds less than half of the equity interests as the subscription agreement signed between the shareholders of ZA Tech Global Limited grants ZhongAn International the right to appoint a majority of the board of directors who is responsible for directing the relevant activities of ZA Tech Global Limited.

ZhongAn International has 100% and 85% (2022: 100% and 65%) interest in ZA Bank Limited and ZA Life Limited, respectively.

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Summarised financial information in respect of each of the Group's material investments accounted for using the equity method is set out below. The summarised financial information below represents amounts shown in the investments' financial statements prepared in accordance with HKFRSs.

RGAP Group

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

Summarised consolidated statement of financial position

	2023	2022
	HK$'000	*HK$'000*
Current assets		
Cash and cash equivalents	**31,851**	91,395
Other current assets	**1,877,120**	1,712,157
Total current assets	**1,908,971**	1,803,552
Total non-current assets	**5,974,727**	6,656,861
Current liabilities		
Financial liabilities (excluding trade payables)	**(139,192)**	(95,520)
Other current liabilities	**(898,607)**	(761,578)
Total current liabilities	**(1,037,799)**	(857,098)
Non-current liabilities		
Financial liabilities (excluding trade payables)	**(2,558,195)**	(2,691,834)
Other non-current liabilities	**(7,009,234)**	(6,865,827)
Total non-current liabilities	**(9,567,429)**	(9,557,661)
Net liabilities	**(2,721,530)**	(1,954,346)
Deficit in equity attributable to owners of RGAP	**(2,667,340)**	(1,909,731)
Non-controlling interests of RGAP's subsidiaries	**(54,190)**	(44,615)
	(2,721,530)	(1,954,346)

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

RGAP Group (Continued)

Summarised consolidated statement of comprehensive income

	2023	2022
	HK$'000	*HK$'000*
Revenue	**180,301**	172,464
Interest income	**655**	1,072
Other (losses)/gains, net	**(619,466)**	717,176
Depreciation and amortisation	**(47,928)**	(41,773)
Interest expense	**(304,524)**	(239,777)
Other expenses	**(58,375)**	(42,931)
(Loss)/profit before income tax expense	**(848,324)**	566,231
Income credit/(expense)	**145,036**	(215,440)
(Loss)/profit for the year	**(703,288)**	350,791
Group's reversal of share of loss of investments accounted for using the equity method for the year (note (i))	**247,482**	187,743

Note:

(i) As mentioned in Note 19, the fair value loss of HK$285,371,000 (2022: HK$202,171,000) is recognised on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL. The fair value of the loan receivable from an associate at FVTPL and amounts due from associates at FVTPL before share of loss and other comprehensive expenses of associates in excess of cost of investment is HK$268,857,000 (2022: HK$516,339,000) as at 31 December 2023. The Group limits the recognition of the RGAP Group's losses to HK$268,857,000 (2022: HK$516,339,000) as the carrying amount of its net investment in RGAP Group is then zero, the Group reversed the share of loss of RGAP Group recognised in previous years of HK$247,482,000 (2022: HK$187,743,000) during the year ended 31 December 2023.

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

	2023	2022
	HK$'000	*HK$'000*
Net liabilities of RGAP Group attributable to owners of RGAP	**(2,667,340)**	(1,909,731)
Proportion of the Group's ownership interest in RGAP Group	**49%**	49%
Carrying amount of the Group's interest in RGAP Group	**–**	–

The Group's share of loss of RGAP was HK$344,611,000 for the year ended 31 December 2023 (2022: share of profit of HK$171,888,000) and the Group's cumulative share of loss excess of cost of investment in RGAP was HK$1,048,723,000 as at 31 December 2023 (2022: HK$704,112,000), while the Group limits the recognition of the RGAP Group's losses to HK$268,857,000 (2022: HK$516,339,000) against loan receivable from RGAP as disclosed in Note 19. Therefore, the cumulative unrecognised share of loss of RGAP is HK$779,866,000 (2022: HK$187,773,000) as at 31 December 2023.

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Chongqing ZhongAn

The management of the Group considers that the Group has significant influence over Chongqing ZhongAn because the Group can appoint one out of five directors of Chongqing ZhongAn to participate in the financial and operating policy decisions of Chongqing ZhongAn based on the shareholders' agreement. Thus, the Group can exercise its significant influence over Chongqing ZhongAn.

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

Summarised consolidated statement of financial position

	2023	2022
	HK$'000	*HK$'000*
Current assets		
Cash and cash equivalents	**135,821**	114,343
Other current assets	**1,240,670**	1,484,853
Total current assets	**1,376,491**	1,599,196
Total non-current assets	**66,846**	45,151
Current liabilities		
Financial liabilities (excluding trade payables)	**(49,726)**	(341,608)
Other current liabilities	**(137,377)**	(88,044)
Total current liabilities	**(187,103)**	(429,652)
Non-current liabilities		
Financial liabilities (excluding trade payables)	**(245)**	(19,336)
Other non-current liabilities	**(452)**	(867)
Total non-current liabilities	**(697)**	(20,203)
Net assets	**1,255,537**	1,194,492
Summarised statement of comprehensive income		
Revenue	**444,761**	430,419
Interest income	**1,797**	1,175
Provision for loss allowance on financial assets	**(57,660)**	(116,638)
Depreciation and amortisation	**(1,617)**	(1,300)
Other expenses	**(321,843)**	(278,769)
Profit before income tax expense	**65,438**	34,887
Income tax expense	**(15,487)**	(10,525)
Profit for the year	**49,951**	24,362
Group's share of profit of investments accounted for using the equity method for the year	**8,812**	4,298

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Chongqing ZhongAn (Continued)

Summarised consolidated statement of financial position (Continued)

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

	2023	2022
	HK$'000	*HK$'000*
Net assets attributable to owners of Chongqing ZhongAn	**1,255,537**	1,194,492
Proportion of the Group's ownership interest in Chongqing ZhongAn	**17.64%**	17.64%
	221,477	210,708
Currency realignment	**15,466**	17,424
Carrying amount of the Group's interest in Chongqing ZhongAn	**236,943**	228,132

ZhongAn International and its subsidiaries (collectively known as "ZhongAn International Group")

In March 2022, ZhongAn International has issued 105,088,530 shares to the other shareholder of ZhongAn International for a consideration of RMB439,392,589 (equivalent to HK$544,464,000), and thus, the Group's equity interests in ZhongAn International decreased from 43.21% to 41.50%. The dilution of the interests in ZhongAn International resulted in a gain of approximately HK$183,629,000, being the difference between the proportionate share of ZhongAn International's net assets attributable to the Group and the carrying amount of the interests in ZhongAn International before the dilution, recognised in the consolidated statement of profit or loss during the year ended 31 December 2022.

In September 2022, the Group entered a Share Purchase Agreement pursuant to which the Group agreed to subscribe for 156,060,606 new ordinary shares of ZhongAn International for a total subscription price of USD103,000,000 (equivalent to HK$806,490,000) payable in cash (the "September 2022 Subscription"). The September 2022 Subscription was completed on 14 September 2022. After the completion of the September 2022 Subscription, the Group's equity interests in ZhongAn International increased from 41.5% to 44.75%.

In September 2022, the Group has redeemed all redeemable preference shares of ZhongAn International for HK$590,323,000 in cash.

In May 2023, the Group entered into a Share Purchase Agreement pursuant to which the Group agreed to subscribe for 96,508,924 new ordinary shares of ZhongAn International for a total subscription price of US$63,696,000 (equivalent to HK$498,000,000) which took place in two tranches (the "May 2023 Subscription"). The May 2023 Subscription was completed by two tranches on 14 August and 26 September 2023, respectively. After the completion of the May 2023 Subscription, the Group's equity interests in ZhongAn International increased from 44.75% to 46.58% and unanimous consent of the board of directors of ZhongAn International is required for meeting resolutions. ZhongAn International was accounted for as a joint venture of the Group using the equity method with no remeasurement of retained interest in ZhongAn International.

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

ZhongAn International and its subsidiaries (collectively known as "ZhongAn International Group") (Continued)

In September 2023, ZhongAn International has entered into a share purchase agreement with other shareholder of ZhongAn International, pursuant to which ZhongAn International agreed to issue 96,508,924 new ordinary shares to the other shareholder by two tranches of 67,556,247 and 28,952,667 shares. In December 2023 (the "September 2023 Subsciption"), the first tranche of shares of 67,556,247 was issued, and thus, the Group's equity interests in ZhongAn International decreased from 46.58% to 45.53%. The dilution of the interests in ZhongAn International resulted in a gain of HK$131,970,000, being the difference between the proportionate share of ZhongAn International's net assets attributable to the Group, and the carrying amount of the interests in ZhongAn International before the dilution, recognised in the consolidated statement of profit or loss during the year ended 31 December 2023.

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

Summarised consolidated statement of financial position

	As at 31 December 2023 ***HK$'000***	As at 31 December 2022 *HK$'000* (Restated)	As at 1 January 2022 *HK$'000* (Restated)
Current assets			
Cash and cash equivalents	**1,542,718**	1,387,240	3,104,095
Other current assets	**8,670,785**	5,493,918	2,615,220
Total current assets	**10,213,503**	6,881,158	5,719,315
Total non-current assets	**5,995,710**	7,017,125	6,446,605
Current liabilities			
Financial liabilities (excluding trade payables)	**(526,558)**	(1,130,317)	(1,081,398)
Other current liabilities	**(12,660,001)**	(9,856,026)	(7,467,532)
Total current liabilities	**(13,186,559)**	(10,986,343)	(8,548,930)
Non-current liabilities			
Financial liabilities (excluding trade payables)	**(44,913)**	(68,721)	(2,307)
Other non-current liabilities	**(8,474)**	(1,500)	—
Total non-current liabilities	**(53,387)**	(70,221)	(2,307)
Net assets	**2,969,267**	2,841,719	3,614,683

The changes in the carrying amounts of investments in ZhongAn International mainly represents the share of results of profit or loss and other comprehensive income of ZhongAn International for the year, capital injection of HK$498,000,000 in respect of the May 2023 Subsciption, and gains on dilution of investments in ZhongAn International of HK$131,970,000 in respect of the September 2023 Subsciption by other shareholder of ZhongAn International.

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

ZhongAn International and its subsidiaries (collectively known as "ZhongAn International Group") (Continued)

Summarised consolidated statement of financial position (Continued)

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000 (Restated)	As at 1 January 2022 HK$'000 (Restated)
Surplus in equity attributable to owners of ZhongAn International Group	**2,869,686**	2,515,262	2,259,882
Redeemable preference shares	**—**	—	1,047,192
Non-controlling interests of subsidiaries of ZhongAn International Group	**99,581**	326,457	307,609
	2,969,267	2,841,719	3,614,683

Summarised consolidated statement of comprehensive income

	2023 HK$'000	2022 HK$'000 (Restated)
Revenue	**1,121,417**	1,075,361
Interest income	**55,132**	41,313
Other income, other gains and losses	**159,380**	28,109
Interest expense	**(296,852)**	(84,125)
Depreciation and amortisation	**(46,648)**	(46,364)
Other expenses	**(1,637,912)**	(1,595,912)
Share of results of associates and joint ventures	**(37,746)**	(21,510)
Loss before income tax expense	**(683,229)**	(603,128)
Income tax expense	**—**	—
Loss after income tax expense	**(683,229)**	(603,128)
Other comprehensive income/(expense) for the year	**184,083**	(373,217)
Total comprehensive expense for the year	**(499,146)**	(976,345)
(Loss)/profit for the year attributable to:		
Owners of ZhongAn International	**(514,764)**	(622,248)
Non-controlling interests of subsidiaries of ZhongAn International	**(168,465)**	19,120
	(683,229)	(603,128)

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

ZhongAn International and its subsidiaries (collectively known as "ZhongAn International Group") (Continued)

Summarised consolidated statement of comprehensive income (Continued)

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Other comprehensive income/(expense) for the year attributable to:		
Owners of ZhongAn International	**180,858**	(357,736)
Non-controlling interests of subsidiaries of ZhongAn International	**3,225**	(15,481)
	184,083	(373,217)
Group's share of loss of investments accounted for using the equity method for the year	**(226,710)**	(251,947)
Group's share of other comprehensive income/(expense) of investments accounted for using the equity method for the year	**103,129**	(144,078)

Reconciliation of the above summarised financial information of ZhongAn International Group to the carrying amount of the investments accounted for using the equity method recognised in the consolidated financial statements:

	As at 31 December 2023	As at 31 December 2022	As at 1 January 2022
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Net assets attributable to owners of ZhongAn International Group	**2,869,686**	2,515,262	2,259,882
Proportion of the Group's ownership interest in ZhongAn International Group	**45.53%**	44.75%	43.21%
	1,306,568	1,125,580	976,495
Currency realignment	**–**	(27,770)	65,852
Other adjustment (Note)	**753,323**	490,937	45,927
Carrying amount of the Group's interest in ZhongAn International Group	**2,059,891**	1,588,747	1,088,274

Note:

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

18 EQUITY INSTRUMENTS AT FVTOCI

	2023	2022
	HK$'000	*HK$'000*
Equity securities of ZhongAn Online, at fair value (Note (i))	**1,445,040**	1,741,500
Equity securities of an entity listed in Hong Kong, at fair value	**46,749**	62,730
Unlisted fund investments in the PRC and overseas, at fair value	**70,708**	71,226
Unlisted equity securities in Hong Kong and the PRC	**12,069**	7,719
Total (Note (ii))	**1,574,566**	1,883,175

Notes:

(i) As at 31 December 2023, the Group held 81,000,000 the publicly-traded ordinary share capital of ZhongAn Online ("ZhongAn Online H Shares") which are subject to lock-up mechanisms, of which 18,942,222 (31 December 2022: 18,942,222) ZhongAn Online H Shares lock-up has expired in 31 December 2021 and the lock-up of the remaining 62,057,778 (31 December 2022: 62,057,778) ZhongAn Online H Shares will expire in December 2024. The fair value of investment in ZhongAn Online as at 31 December 2023 and 31 December 2022 have been arrived based on the quoted bid prices in an active market.

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

(iii) Details of the fair value estimation on equity instruments at FVTOCI are set out in Note 3.3.

19 LOAN RECEIVABLE FROM AN ASSOCIATE AT FVTPL/AMOUNTS DUE FROM ASSOCIATES AT FVTPL

	2023	2022
	HK$'000	*HK$'000*
Loan receivable from an associate and amounts due from associates at FVTPL	**268,857**	516,339
Less: Share of loss and other comprehensive expenses of associates in excess of cost of investment	**(268,857)**	(516,339)
	–	–

RGAP Group 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 at 31 December 2023 and 2022, amounts due from associates, which represented the current account with RGAP Group which also forms part of the net investment in RGAP. The loan receivable from an associate and amounts due from associates are unsecured and has no fixed repayment terms. The directors of the Company consider that the loan receivable from an associate at FVTPL and amounts due from associates at FVTPL will not be repayable within one year from the end of the reporting period, they are classified as non-current asset accordingly.

19 LOAN RECEIVABLE FROM AN ASSOCIATE AT FVTPL/AMOUNTS DUE FROM ASSOCIATES AT FVTPL (Continued)

As the loan receivable from an associate and amounts due from associates were 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 from an associate and amounts due from associates.

Loan receivable from an associate and 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 an associate and amounts due from associates by the Group and a detailed analysis of the particular facts and circumstances led to the conclusion that the repayments of loan receivable and amounts due from associates do not solely payments of principal and interest on the principal amount outstanding. Hence, loan receivable from an associate 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 an associate at FVTPL and amounts due from associates at FVTPL by taking into consideration the expected time to sell the residential properties and the expected market price and the future rental income of the properties, where appropriate, in order to determine the estimated future cash flows to the Group and timing of such cash flows discounted at market interest rate. Details of the valuation techniques and key inputs are stated in Note 3.3.

A fair value loss of HK$285,371,000 (2022: HK$202,171,000) is recognised in profit or loss during the year ended 31 December 2023. The Group limits the recognition of the RGAP Group's losses to HK$268,857,000 (2022: HK$516,339,000) so that the carrying amount of its net investment in RGAP is net to zero, the Group reversed the share of loss of RGAP Group recognised in previous years of HK$247,482,000 (2022: HK$187,743,000) during the year ended 31 December 2023. Accordingly, the Group has net loss of HK$37,889,000 (2022: HK$14,428,000) (representing the fair value loss of the amounts due from associates) in respect of investment in RGAP being recognised in the profit or loss during the year ended 31 December 2023.

20 STOCK OF PROPERTIES

	2023 ***HK$'000***	2022 *HK$'000*
Properties under development	**868,868**	873,634

Stock of properties of the Group included properties under development. Properties under development of the Group were all located in the PRC and expected to be completed and available for sale within normal operating cycle.

At 31 December 2023 and 2022, no properties under development were pledged as securities for the Group's borrowings.

20 STOCK OF PROPERTIES (Continued)

Accounting policies

Properties under development which are intended to be sold upon completion of development are classified as current assets. Properties under development comprise leasehold land and land use rights, development expenditure and borrowing costs capitalised, and are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale. Properties under development included in current assets are expected to be realised in, or is intended for sales in the Group's normal operating cycle.

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

21 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023	2022
	HK$'000	*HK$'000*
Trade receivables from property management and property investment business, net	**4,299**	7,602
Less: loss allowance	**—**	—
Total trade receivables, net	**4,299**	7,602
Interest receivables from bank deposits	**122,892**	70,122
Other receivables, deposits and prepayments	**31,307**	40,470
Tax reserve certificates	**158,399**	158,399
	316,897	276,593
Non-current	**230,789**	231,618
Current	**86,108**	44,975
	316,897	276,593

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

	2023	2022
	HK$'000	*HK$'000*
Aged:		
0 to 60 days	**2,413**	5,466
61 to 180 days	**1,439**	1,052
Over 181 days	**447**	1,084
	4,299	7,602

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

Accounting Policies

(i) Classification of trade receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other debtors is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less provision for impairment.

When trade receivables are uncollectible, it is written off against the allowance account for trade and loans receivables. Subsequent recoveries of amounts previously written off are credited against “administrative expenses” in the consolidated statement of profit or loss.

(ii) Impairment assessment and risk exposure

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

The Group applies simplified approach to provide for ECL for trade receivables prescribed by HKFRS 9. As at 31 December 2023, trade receivables from property management and property investment of HK$1,886,000 (2022: HK$2,136,000) are past due. Management of the Group considers that the ECL for trade receivables from property management and property investment business is insignificant as the debtors have good settlement history as at 31 December 2023 and 2022.

Details of the ECL of trade receivables, other receivables and deposits, and the group’s exposure to credit risk and foreign currency risk were disclosed in Note 3.1.

22 LOANS RECEIVABLES

	2023	2022
	HK$’000	*HK$’000*
Loans receivables	**418,259**	541,852
Less: loss allowance	**(58,158)**	(29,965)
Total	**360,101**	511,887
The loan receivables analysed as follows:		
Non-current	**158,657**	53,258
Current	**201,444**	458,629
Total	**360,101**	511,887

22 LOANS RECEIVABLES (Continued)

Accounting Policies

(i) Classification as loans receivables

Loans receivables are corporate loans granted to the customers in the ordinary course of business. If collection of loans receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Loans receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the loans receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less provision for impairment.

When loans receivables are uncollectible, it is written off against the allowance account for loans receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the consolidated statement of profit or loss.

(ii) Impairment assessment and risk exposure

Loans receivables to independent third parties are unsecured, carried at fixed interest rate ranged from 4.0% to 6.0% (2022: 4.0% to 7.0%) per annum and will be matured in 2024 to 2025 (2022: 2023 to 2024).

The Group applies general approach to provide for ECL for loan receivables prescribed by HKFRS 9. Details of the ECL of loan receivables was disclosed in Note 3.1.

23 OTHER FINANCIAL ASSETS AT FVTPL

	2023	2022
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong	**2,703**	3,304
Equity securities listed in the PRC	**8,145**	5,269
Equity securities listed in the overseas	**5,311**	7,151
Unlisted equity securities in the PRC	**5,519**	—
Unlisted fund investments in the PRC	**228,582**	218,119
Unlisted fund investments in the overseas	**107,004**	114,781
	357,264	348,624
Other financial assets analysed as follows:		
Non-current	**346,416**	340,051
Current	**10,848**	8,573
	357,264	348,624

Details of the fair value estimation on other financial assets at FVTPL are set out in Note 3.3. Details of the relevant accounting policies are set out in Note 42.7.

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

Bank deposits

Bank deposits classified as non-current assets are deposits with banks with a maturity period of more than twelve months at the date of inception and will mature after twelve months from the end of the reporting period. Bank deposits classified as current assets are deposits with banks with a maturity period of more than twelve months that will mature within twelve months from the end of the reporting period. The bank deposits carry interest at prevailing market rate ranging from 2.60% to 3.50% (2022: ranging from 2.60% to 3.75%) per annum as at 31 December 2023.

Pledged bank deposits

The Group's pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. As at 31 December 2023, there are pledged bank deposits of HK$1,651,876,000 (2022: HK$1,164,726,000) to secure the bank borrowings granted to the Group and they carry interest at prevailing market rate ranging from 2.85% to 3.50% (2022: from 2.85% to 3.50%) per annum as at 31 December 2023.

Cash and cash equivalents

	2023	2022
	HK$'000	*HK$'000*
Cash and cash equivalents comprise:		
Bank balances and cash	**355,387**	736,887
Deposits in the brokers' house that can be withdrawn anytime with no penalty	**157,215**	109,220
Total	**512,602**	846,107

Bank balances carry interest at prevailing market rates which range from 0.00% to 3.50% (2022: 0.00% to 3.75%) per annum as at 31 December 2023.

Deposits in the brokers' house are for securities trading purpose. The deposits are interest-free, have no maturity date and there is no restriction on withdrawal of the deposits.

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

	2023	2022
	HK$'000	*HK$'000*
United States Dollar ("USD")	**13,151**	11,506
HK$	**659**	16,258
RMB	**1,268**	12,000

Details of ECL on bank deposits, pledged bank deposits and cash and cash equivalents are set out in Note 3.1. Details of the relevant accounting policies are set out in Note 42.11.

25 STRUCTURED DEPOSITS

The Group entered into deposit placement with banks in the PRC. The bank guaranteed 100% of the invested principal amount and returns of which are determined by reference to the change in certain exchange rates quoted in the market as specified in the relevant agreements.

Because the contractual cash flows of structured deposits do not represent solely the payments of principal and interest on the principal amount outstanding, structured deposits are measured at FVTPL.

During the year ended 31 December 2022, the Group placed structured deposits with the principal amount of RMB64,000,000 (equivalent to HK$74,160,000) and all structured deposits with the principal amount of RMB315,000,000 (equivalent to HK$365,186,000) were matured and received.

26 TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**30,376**	30,182
Accruals for construction work	**134,360**	161,637
Deposits received for rental	**31,974**	37,094
Advance lease payments	**7,710**	11,694
Deposits received for management fee	**55,578**	42,799
Other tax payables	**21,698**	16,964
Salaries payable and staff welfare payables	**56,885**	52,608
Other payables and accrued charges	**76,509**	75,303
	415,090	428,281

Trade payables are unsecured and are usually settle within the contract terms. The carrying amounts of trade and other payables are considered to be the same as their fair values. The following is an aged analysis of trade payables, based on the invoice date, at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**5,262**	4,543
91 to 180 days	**1,026**	1,018
181 to 360 days	**1,593**	1,736
Over 360 days	**22,495**	22,885
	30,376	30,182

27 CONTRACT LIABILITIES

	2023	2022
	HK$'000	*HK$'000*
Property management	**4,057**	3,779
Others	**7,202**	6,187
	11,259	9,966

When the Group receives a deposit before the provision of services, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

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

	2023	2022
	HK$'000	*HK$'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**9,966**	9,133

28 BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Bank borrowings - secured and repayable on demand	**1,565,700**	1,153,600

	2023	2022
	HK$'000	*HK$'000*
Carrying amounts of borrowings that contain a repayable on demand clause (shown under current liabilities) but repayable:		
Within one year	**1,345,700**	102,180
Within a period of more than one year but not exceeding two years	**11,000**	1,051,420
Within a period of more than two years but not exceeding five years	**209,000**	—
	1,565,700	1,153,600
Less: Amount classified as current liabilities	**(1,565,700)**	(1,153,600)
Amount due after one year and classified as non-current liabilities	**—**	—

28 BORROWINGS (Continued)

As at 31 December 2023, bank borrowings of HK$1,565,700,000 (2022: HK$1,153,600,000) carried interest at benchmark interest rate as stipulated by Hong Kong Interbank Offered Rate ("HIBOR") plus a certain percentage.

The interest rates as at the end of the reporting period for the loans range from 7.12% to 8.02% (2022: 4.87% to 7.42%) per annum.

At 31 December 2023, total pledged bank deposits of HK$1,651,876,000 (31 December 2022: HK$1,164,726,000) and investment properties of HK$441,501,000 (31 December 2022: HK$516,237,000) were pledged to banks to secure general banking facilities granted to the Group.

As at 31 December 2023 and 2022, the Group has the following undrawn borrowing facilities:

	2023	2022
	HK$'000	*HK$'000*
Expiring within one year	**152,800**	376,400

Accounting policies

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

29 DEFERRED TAX ASSETS/(LIABILITIES)

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

	2023	2022
	HK$'000	*HK$'000*
Deferred tax assets	**14,966**	7,925
Deferred tax liabilities	**(681,208)**	(824,359)
	(666,242)	(816,434)

29 DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

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

	Fair value change on investment properties *HK$'000*	Fair value change of equity instruments at FVTOCI *HK$'000*	Fair value change of other financial assets at FVTPL *HK$'000*	ECL provision *HK$'000*	Lease liabilities *HK$'000*	Undistributed profits of subsidiaries *HK$'000*	Right-of-use assets *HK$'000*	Total *HK$'000*
As at 1 January 2022	(378,432)	(531,131)	(52,765)	3,035	367	(42,565)	(367)	(1,001,858)
Currency realignment	31,687	42,037	4,386	(324)	–	3,334	–	81,120
Credited to consolidated profit or loss	2,868	–	12,558	5,214	1,138	7,161	(1,138)	27,801
Credited to other comprehensive income	–	76,503	–	–	–	–	–	76,503
As at 31 December 2022 and 1 January 2023	(343,877)	(412,591)	(35,821)	7,925	1,505	(32,070)	(1,505)	(816,434)
Currency realignment	4,584	5,533	513	(154)	–	469	–	10,945
Credited to consolidated profit or loss	63,371	–	102	7,195	(304)	(1,550)	304	69,118
Credited to other comprehensive income	–	70,129	–	–	–	–	–	70,129
As at 31 December 2023	(275,922)	(336,929)	(35,206)	14,966	1,201	(33,151)	(1,201)	(666,242)

At the end of the reporting period, the Group has estimated unused tax losses of HK$73,384,000 (2022: HK$74,193,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams and such losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK1,734,080,000 (2022: HK$1,448,709,000), which mainly attributable to fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax on undistributed profits of subsidiaries has been recognised taking into account the dividends to be distributed from profits earned by the subsidiaries in the PRC starting from 1 January 2008 under the New Law of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders. Deferred tax has not been recognised in respect of certain undistributable retained earnings earned by the subsidiaries in the PRC starting from 1 January 2008 amounting to HK$1,521,324,000(2022: HK$1,576,489,000) as the directors of the Company are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

30 SHARE CAPITAL

	Number of shares	Amount HK$'000
Shares of HK$0.10 each		
Authorised:		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	15,000,000,000	1,500,000
Issued and fully paid:		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	6,374,003,096	637,400

31 SHARE OPTIONS

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years.

A share option scheme was adopted by shareholders of the Company on 31 May 2022 (the "2022 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 2022 Share Option Scheme has a life of 10 years. During the year ended 31 December 2023, no shares have been granted (2022: Nil).

The Company's share options held by the directors and the employees are as follows:

	Number of share options		
	1 January 2023	Lapsed during the period	As at 31 December 2023
Exercisable share options	**131,784,000**	**(6,936,000)**	**124,848,000**

	Number of share options		
	As at 1 January 2022	Lapsed during the period	As at 31 December 2022
Exercisable share options	**131,784,000**	**—**	**131,784,000**

As at 31 December 2023, the number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 124,848,000 (2022: 131,784,000), representing 2.0% (2022: 2.1%) of the shares of the Company at the date of these consolidated financial statements.

31 SHARE OPTIONS (Continued)

In relation to the options granted to directors of the Company during the period, 50% of the options will vest six months after the grant date and remaining 50% of the options will vest twelve months after the grant date. In relation to the options granted to employees during the period, 50% of the options will vest six months after the grant date, 25% of the options will vest twelve months after the grant date and remaining 25% of the options will vest eighteen months after the grant date. All share options granted have been vested during prior years. The share option is exercisable from the completion of vesting period to 14 May 2025 with adjusted exercise price of HK$1.185 upon the completion of rights issue on 15 April 2021 (2022: HK$1.185).

32 RETIREMENT BENEFITS SCHEMES

The Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. All PRC employees are entitled to an annual pension equal to a fixed portion of their basic salaries at their retirement dates. The Group is required to make specific contributions to the retirement schemes at a rate of 7 to 25 percent of basic salary of its PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made.

The Group has joined a Mandatory Provident Fund ("MPF") Scheme for all its non-PRC employees. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

There is no forfeited contributions may be used by the Group to reduce the existing level of contributions during the years ended 31 December 2023 and 2022.

During the year ended 31 December 2023, the Group made contributions to the retirement benefits schemes amounting to HK$9,027,000 (2022: HK$10,318,000).

33 FINANCIAL GUARANTEE CONTRACTS

	2023 HK$'000	2022 HK$'000
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	**2,969**	7,100

34 COMMITMENTS

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

	2023 HK$'000	2022 HK$'000
Commitments in respect of properties under development for sale:		
– contracted for but not provided in the consolidated financial statements	**32,153**	36,824

35 OPERATING LEASE COMMITMENTS

The Group as lessor

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

	2023 HK$'000	2022 HK$'000
Within one year	**68,306**	87,847
In the second year	**60,124**	62,772
In the third year	**38,677**	37,117
In the fourth year	**32,782**	30,050
In the fifth year	**13,987**	14,603
After five years	**60,219**	74,432
	274,095	306,821

Operating lease payments represent rentals receivable by the Group from leasing of its investment properties. The leases are negotiated and rentals are fixed for lease term of one to twelve years (2022: one to twelve years). Certain leases include rentals received with reference to turnover of tenants.

36 PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

As at 31 December 2023, pledged bank deposits of HK$1,651,876,000 (2022: HK$1,164,726,000) and investment properties of HK$441,501,000 (2022: HK$516,237,000), were pledged to banks to secure general banking facilities granted to the Group.

Restrictions on assets

In addition, lease liabilities of HK$7,274,000 (2022: HK$9,118,000) are recognised with related right-of-use assets of HK$6,488,000 (2022: HK$8,367,000) as at 31 December 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

37 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before tax to net cash generated from operations

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
		(Note 2(b))
Loss before income tax	**(306,356)**	(79,716)
Adjustments for:		
Share of results of investments accounted for using the equity method	**(29,583)**	59,906
Depreciation of property, plant and equipment	**23,450**	25,947
Interest income	**(78,214)**	(121,521)
Interest income from financing services business	**(25,223)**	(25,587)
Interest expenses	**87,140**	46,006
Dividend income	**(11,314)**	(6,828)
Fair value loss of investment properties	**253,483**	11,472
Fair value losses on other financial assets at FVTPL	**2,324**	109,420
Fair value loss of loan receivable from an associate at FVTPL and amounts due from associates at FVTPL	**285,371**	202,171
Written-off of finance lease receivables	**–**	5
Net provision for impairment loss on financial assets	**28,782**	20,779
(Gain)/loss on disposal of property, plant and equipment	**(419)**	563
Gain on dilution of investments accounted for using the equity method	**(131,970)**	(183,629)
Operating cash flows before movements in working capital	**97,471**	58,988
Increase in stock of properties	**(7,771)**	(1,859)
Decrease/(increase) in loans receivables	**41,731**	(8,805)
Decrease/(increase) in trade and other receivables, deposits and prepayments	**19,426**	(5,232)
(Decrease)/increase in trade payables, deposits received and accrued charges	**(22,341)**	3,208
Increase in contract liabilities	**1,444**	1,655
Cash generated from operations	**129,960**	47,955

37 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) *Reconciliation of liabilities arising from financing activities*

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payable *HK$'000*	Borrowings *HK$'000*	Lease liabilities *HK$'000*	Total *HK$'000*
As at 1 January 2022	—	955,000	2,501	957,501
Financing cash flow	(34,841)	198,600	(4,581)	159,178
Non-cash changes:				
– Interest expenses	44,016	—	424	44,440
– New leases entered (Note 38 (b))	—	—	10,779	10,779
Currency realignment	—	—	(5)	(5)
As at 31 December 2022 and 1 January 2023	9,175	1,153,600	9,118	1,171,893
Financing cash flow	(82,879)	412,100	(2,288)	326,933
Non-cash changes:				
– Interest expenses	85,979	—	444	86,423
As at 31 December 2023	12,275	1,565,700	7,274	1,585,249

38 MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 December 2023, the Group entered into agreement to transfer the loan receivable of HK$22,198,000 to RGAP, one of its investments accounted for using the equity method.

(b) During the year ended 31 December 2022, the Group entered into new lease agreements for the use of leased properties for one to six years. On the date of lease commencement or lease modification, the Group recognised HK$10,119,000 of right-of-use assets and HK$10,779,000 of lease liabilities.

39 LIST OF SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2023 and 2022 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid up share capital/ registered capita	Attributable proportion of nominal value of issued/registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2023	2022	**2023**	2022	
AA Investment Management Limited	Hong Kong	HK$ 75,100,000	**100%**	100%	**–**	–	Provision for investment services
AA Services (Hong Kong) Limited	Hong Kong	HK$ 100,000	**100%**	100%	**–**	–	Administrative service supporting
Cnhooray Internet Technology Co., Ltd. ("Cnhooray Internet") 深圳日訊網絡科技股份有限公司	PRC - Sino-foreign equity joint venture	RMB 40,000,000	**–**	–	**80%**	80%	Consultancy services in relation to information, multimedia and communication technologies
Ease Win International Limited	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding
Firstline Investment Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding
Global Mark Investments Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding
Hu Qiu Investments Management Limited	BVI/Hong Kong	USD100	**–**	–	**60%**	60%	Investment holding
Knatwood Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding
Link Capital Investments Limited	BVI/Hong Kong	USD50,000	**–**	–	**100%**	100%	Investment holding
Moreluck Enterprises Limited	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding
Ocean Diamond Limited	BVI/Hong Kong	USD50,000	**–**	–	**100%**	100%	Investment holding
Ocean Hill Investments Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding
Real Achieve Limited	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding
Sinolink Assets Management Limited	BVI/Hong Kong	USD2	**100%**	100%	**–**	–	Investment holding
Sinolink LPG Development Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding

39 LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid up share capital/ registered capita	Attributable proportion of nominal value of issued/registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2023	2022	**2023**	2022	
Shanghai Sinolink Xijiao Property Development Co., Ltd. ("Shanghai Sinolink Xijiao") 上海百仕達西郊地產發展有限公司	PRC - Limited liability company	RMB 190,000,000	**–**	–	**80%**	80%	Property development
上海百仕達蘇河灣地產發展有限公司("百仕達蘇河灣")	PRC - Limited liability company	RMB 5,000,000	**–**	–	**80%**	80%	Property development
深圳市百仕達置地有限公司("百仕達置地")	PRC - Limited liability company	RMB 10,000,000	**–**	–	**80%**	80%	Property development
Shenzhen Mangrove West Coast Property Development Co., Ltd. ("SMWC") 深圳紅樹西岸地產發展有限公司	PRC - Sino-foreign equity joint venture	RMB 200,000,000	**–**	–	**87%**	87%	Property development
深圳百仕達商業管理有限公司("百仕達商業")	PRC - Limited liability company	RMB 1,000,000	**–**	–	**80%**	80%	Property development
深圳百仕達酒店管理有限公司("百仕達酒店管理")	PRC - Limited liability company	RMB 1,000,000	**–**	–	**80%**	80%	Property development
Shenzhen Sinolink Property Management Co., Ltd. ("Sinolink Management") 深圳百仕達物業管理有限公司	PRC - Limited liability company	RMB 5,000,000	**–**	–	**80%**	80%	Property development
深圳百仕達教育投資發展有限公司("百仕達教育投資")	PRC - Limited liability company	RMB 10,000,000	**–**	–	**100%**	100%	Dormant

39 LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid up share capital/ registered capita	Attributable proportion of nominal value of issued/registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2023	2022	**2023**	2022	
Sinolink Petrochemical Investment Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding
Sinolink Progressive Limited	BVI/Hong Kong	USD47,207	**100%**	100%	**–**	–	Investment holding
Sinolink Properties Agent Limited 百仕達物業代理有限公司	Hong Kong	HK$10,000	**–**	–	**100%**	100%	Dormant
Sinolink Properties Limited ("Sinolink Properties") 百仕達地產有限公司	PRC - Sino-foreign equity joint venture	RMB375,000,000	**–**	–	**80%**	80%	Property development and property investment
Sinolink Shanghai Investments Ltd.	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding
Sinolink Worldwide (HK) Company Limited 香港百仕達有限公司	Hong Kong	HK$10,000,000	**–**	–	**100%**	100%	Investment holding
Smart Orient Investments Limited	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding
Timeway Holdings Limited	Hong Kong	HK$10,000	**100%**	100%	**–**	–	Investment holding
Winner Idea Limited	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding
眾聯融資租賃(上海)有限公司	PRC - Limited liability company	RMB300,000,000	**–**	–	**100%**	100%	Finance leasing
眾安國際商業保理(天津)有限公司	PRC - Limited liability company	RMB50,000,000	**–**	–	**100%**	100%	Business factoring and other loan financing services
深圳市百仕達信息諮詢有限公司	PRC - Limited liability company	RMB1,000,000	**–**	–	**100%**	100%	Consultancy services in relation to information, investment and corporate management

39 LIST OF SUBSIDIARIES (Continued)

Except for the investment holding companies or dormant companies which have no definite place of operation, all the above subsidiaries operate principally in their respective place of incorporation/establishment.

None of the subsidiaries had issued any debt securities at the end of the year.

The table below shows details of non-wholly-owned subsidiaries of the Group that has material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2023	2022	**2023**	2022	**2023**	2022
				HK$000	*HK$000*	***HK$000***	*HK$000*
Sinolink Properties and its subsidiaries (Note)	Hong Kong/PRC	**20%**	20%	**(7,594)**	22,074	**948,202**	1,011,728
Cnhooray Internet	PRC	**20%**	20%	**421**	1,546	**322,453**	352,994
Individual immaterial subsidiaries with non-controlling interests				**(3)**	(3)	**(8,638)**	(8,635)
				(7,176)	23,617	**1,262,017**	1,356,087

Note: The subsidiaries of Sinolink Properties include Shanghai Sinolink Xijiao, 百仕達蘇河灣, 百仕達置地, 百仕達商業, 百仕達酒店管理, Sinolink Management and 百仕達教育投資.

Summarised consolidated financial information for the years ended 31 December 2023 and 2022 in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised consolidated financial information below represents amounts before intragroup eliminations.

Sinolink Properties and its subsidiaries

Summarised statement of financial position

	2023	2022
	HK$'000	*HK$'000*
Non-current assets	**3,319,362**	3,289,312
Current assets	**4,736,656**	3,931,913
Non-current liabilities	**(350,731)**	(394,906)
Current liabilities	**(2,865,550)**	(1,767,679)
Net assets	**4,839,737**	5,058,640

39 LIST OF SUBSIDIARIES (Continued)

Sinolink Properties and its subsidiaries (Continued)

Summarised statement of financial position (Continued)

	2023	2022
	HK$'000	*HK$'000*
Equity attributable to owners of the Company	**3,891,535**	4,046,912
Non-controlling interests of Sinolink Properties	**948,202**	1,011,728
Total equity	**4,839,737**	5,058,640

Summarised statement of comprehensive income

	2023	2022
	HK$'000	*HK$'000*
Revenue	**349,179**	316,713
Fair value loss of investment properties	**(253,483)**	(11,472)
Other income	**87,178**	73,835
Other (losses)/gains, net	**(45,017)**	15,518
Expenses	**(177,817)**	(284,224)
(Loss)/profit for the year	**(39,960)**	110,370
Total comprehensive (expense)/income for the year	**(200,874)**	466,728
(Loss)/profit for the year attributable to non-controlling interests of Sinolink Properties	**(7,594)**	22,074
Dividends paid to non-controlling interests of Sinolink Properties	**(17,758)**	(57,937)

Summarised statement of cash flow

	2023	2022
	HK$'000	*HK$'000*
Net cash inflow from operating activities	**288,030**	1,662,871
Net cash outflow from investing activities	**(305,162)**	(1,330,070)
Net cash outflow from financing activities	**—**	—
Net cash (outflow)/inflow	**(17,132)**	332,801

39 LIST OF SUBSIDIARIES (Continued)

Cnhooray Internet

Summarised statement of financial position

	2023 HK$'000	2022 HK$'000
Non-current assets	1,560,843	1,756,560
Current assets	528,335	527,764
Non-current liabilities	(365,802)	(414,912)
Current liabilities	(135,448)	(104,442)
Net assets	1,587,928	1,764,970
Equity attributable to owners of the Company	1,265,475	1,411,976
Non-controlling interests of Cnhooray Internet	322,453	352,994
Total equity	1,587,928	1,764,970

Summarised statement of comprehensive income

	2023 HK$'000	2022 HK$'000
Other income	4,304	9,793
Other losses, net	(6)	(344)
Expenses	(2,193)	(1,717)
Profit for the year	2,105	7,732
Total comprehensive expense for the year	(203,789)	(1,347,019)
Profit for the year attributable to non-controlling interests of Cnhooray Internet	421	1,546
Dividends paid to non-controlling interests of Cnhooray Internet	–	–
Summarised statement of cash flow		
Net cash outflow from operating activities	(2,191)	(150,396)
Net cash inflow from investing activities	44,098	121,405
Net cash inflow from financing activities	–	–
Net cash outflow	(46,289)	(28,991)

40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2023 HK$'000	2022 HK$'000
Assets			
Non-current assets			
Plant and equipment		**9,357**	11,308
Interests in subsidiaries		**4,402,034**	4,423,405
Investments accounted for using the equity method		**2,852,591**	2,354,591
Financial assets at FVTPL		**12,500**	12,500
		7,276,482	6,801,804
Current assets			
Other receivables, deposits and prepayments		**4,681**	8,735
Bank balances and cash		**570**	27,056
Financial assets at FVTPL		**2,427**	3,304
		7,678	39,095
Current liabilities			
Other payables and accrued charges		**1,770**	4,348
Lease liabilities		**1,545**	1,464
		3,315	5,812
Net current assets		**4,363**	33,283
Total assets less current liabilities		**7,280,845**	6,835,087
Non-current liabilities			
Amounts due to subsidiaries		**3,511,125**	3,255,828
Lease liabilities		**5,631**	7,176
		3,516,756	3,263,004
Net assets		**3,764,089**	3,572,083
Equity			
Capital and reserves			
Share capital		**637,400**	637,400
Reserves	40(b)	**3,126,689**	2,934,683
		3,764,089	3,572,083

The balance sheet of the Company was approved by the Board of Directors on 27 March 2024 and was signed on its behalf by:

Xiang Ya Bo
Executive director

Chen Wei
Executive director

40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Share option reserve *HK$'000*	Retained earnings/ (accumulated losses) and other reserves *HK$'000*	Total *HK$'000*
As at 1 January 2022	2,334,899	572,174	79,300	36,940	3,023,313
Loss and total comprehensive expense for the year	—	—	—	(88,630)	(88,630)
As at 31 December 2022 and 1 January 2023	2,334,899	572,174	79,300	(51,690)	2,934,683
Profit and total comprehensive income for the year	—	—	—	192,006	192,006
As at 31 December 2023	2,334,899	572,174	79,300	140,316	3,126,689

41 RELATED PARTIES TRANSACTIONS

The major related parties that had transactions with the Group were as follows:

Name of related parties	Relationship with the Group
RGAP	An associate of the Group
ZA Bank Limited ("ZA Bank")	A joint venture of the Group

The following is a summary of significant related party transactions which, in the opinion of the directors, are entered into in the ordinary course of business between the Group and its related parties, and the balances arising from related party transactions, including those disclosed in Note 12.

41 RELATED PARTIES TRANSACTIONS (Continued)

(a) Transactions

Name of related party	Nature of transaction	Year ended 31 December 2023 HK$'000	2022 HK$'000
Shanghai Rockefeller	Project management fee	**26,195**	26,195

The transactions were entered into at prices and terms mutually agreed by the relevant parties.

(b) Year-end balances with related parties

	As at 31 December 2023 HK$'000	2022 HK$'000	Nature
Amounts to ZA Bank	**6,771**	4,452	Non-trade

The balance was unsecured, interest free and repayable on demand. This balance was denominated in HK$.

(c) Key management compensation

The key management personnel are the executive directors of the Company. The details of the remuneration paid are disclosed in Note 11.

42 SUMMARY OF OTHER ACCOUNTING POLICIES

This note provides a list of other accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

42.1 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

Gains or losses on deemed disposal on dilution arising from interests in associated companies are recognised in the consolidated statement of profit or loss.

The cost of an associated company acquired in stages is measured as the sum of consideration paid for each purchase plus a share of investee's profits and other equity movements.

The Group ceases to use the equity method from the date an investment ceases to be an associated company that is the date on which the Group ceases to have significant influence over the associated company or on the date it is classified as held for sale.

(c) Joint venture

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint venture.

Interests in joint venture are accounted for using the equity method (see (d) below), after initially being recognised at cost in the consolidated statement of financial position.

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.1 Principles of consolidation and equity accounting (Continued)

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates or joint venture are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in these associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 42.6.

(e) Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.1 Principles of consolidation and equity accounting (Continued)

(e) Business combination (Continued)

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(f) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The board of the Company has appointed a strategic steering committee which assesses the financial performance and position of the group and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the chief executive officer, the chief financial officer and the manager for corporate planning.

42.3 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the Company's presentation currency while Reminbi ("RMB") is the functional currency of the Company.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in consolidated statement of profit or loss.

All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within "other gains/(losses), net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated statement of profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as FCTOCI are recognised in other comprehensive income.

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.3 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rate.

(d) Disposal of foreign operation

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint venture that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the assets can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to consolidated statement of profit or loss during the reporting period in which they are incurred.

The residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 42.6).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and these are included in the consolidated statement of profit or loss.

42.5 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.6 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.6 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is recognised in the consolidated statement of profit or loss using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated statement of profit or loss and presented in "other gains/(losses), net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

- FVTOCI

  Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to consolidated statement of profit or loss and recognised in "other gains/(losses), net". Interest income from these financial assets is recognised in the consolidated statement of profit or loss using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses), net" and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

- FVTPL

  Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the consolidated statement of profit or loss and presented net in the period in which it arises.

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.6 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to consolidated statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated statement of profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in the consolidated statement of profit or loss as applicable. Investments in equity instruments at FVTOCI are not subject to impairment assessment.

(d) Impairment of financial assets

The Group's financial assets measured at amortised cost, including trade receivables arising from contracts with customers, loans receivables, finance lease receivables, other receivables and deposits, bank deposits, pledged bank deposits, cash and bank balances, and other items (financial guarantee contracts) are subject to Expected Credit Loss ("ECL") model under HKFRS 9 "Financial Instruments" ("HKFRS 9").

For trade receivables and finance lease receivables, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision.

For all other instruments, the Group measures the loss allowance equal to 12-month expected credit loss, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1 details how the Group determines whether there has been a significant increase in credit risk.

42.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.8 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments, and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

42.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

42.10 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

42.11 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

42.12 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.13 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through use.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.14 Employee benefits

(a) *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(b) *Defined contribution plans*

A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans, including the Mandatory Provident Fund ("MPF") Scheme and employee pension schemes established by municipal government in The People's Republic of China ("PRC") are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

(c) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(d) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.14 Employee benefits (Continued)

(e) Long service payment

The Company's net obligation in respect of long service payments to its employees upon the termination of their employment or retirement when the employee fulfills certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their services in the current and prior periods.

The liabilities for long service payment that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. The discount rate is the yield at the reporting date on high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

The obligations are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

42.15 Share-based payments

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

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

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

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

42.17 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

42.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax and other revenue reducing factors after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

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

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

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.18 Revenue recognition (Continued)

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

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

42.19 Contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceed the measure of the remaining rights.

Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

42.20 Leases

The Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Group leases various properties. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.20 Leases (Continued)

The Group as a lessee (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of and leases of low-value assets are recognised on a straight-line basis as an expense in consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

42 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

42.21 Interest income

Interest income from financial assets at FVTPL is included in the other income on these assets.

Interest income on financial assets at amortised cost and financial assets at FVTOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

42.22 Dividend income

Dividends are recognised as other income in the statement of profit or loss when the right to receive payment is established.

43 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Saved as disclosed in Note 17, subsequent to 31 December 2023, ZhongAn International has issued 28,952,667 shares to the other shareholder of ZhongAn International, and thus, the Group's equity interests in ZhongAn International further decreased from 45.53% to 45.08%.

This is a non-adjusting event after the financial year end and does not result in any adjustments to the consolidated financial statements for the year ended 31 December 2023. The directors of the Company are in the process of assessing the impact on the consolidated financial statements for the year ending 31 December 2024.

PARTICULARS OF MAJOR PROPERTIES

AS AT 31 DECEMBER 2023

PROPERTY HELD FOR DEVELOPMENT/SALE

Description	Type of use	GFA (M^2)	Effective % held	Stage of completion	Anticipated completion
1. Land lot No. 240 of Xinjingzhen, Changning District, Shanghai	Residential	13,600	80%	Construction in progress	2023

PROPERTIES HELD FOR INVESTMENT

Properties	Type of use	GFA (M^2)	Effective % held
1. 518 car parks at Residence Club House Phase 1, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	16,500	80%
2. Unit Nos. 101,102 ad 103 Ancillary Building West District, Phase 4, Sinolink Garden Taining Road Luohu District Shenzhen	Retail	20,232	80%
3. 4 lorry parking spaces and 1,070 car parks Phase 4, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	44,000	80%
4. 1,700 car parks at Residence Club House Mangrove West Coast Land lot No. T207-0026 Bin Hai Da Dao Bay Sha He Dong Road, Nanshan District Shenzhen	Car parks	84,834	80%
5. Levels 1 to 3 of commercial podium The Vi City, Phase 5, Sinolink Garden Taining Road Luohu District Shenzhen	Retail	39,434	80%
6. 1,942 car parks Phase 5, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	72,381	80%
7. Levels 24 to 36 of office portion and 115 car parks Sinolink Tower Taining Road Luohu District Shenzhen	Office and car parks	20,075	80%

FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2023

	For the year ended 31 December				
	2019	2020	2021	2022	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Restated)	***HK$'000***
RESULTS					
Turnover	448,908	384,502	432,226	380,381	**360,813**
(Loss)/profit before taxation	(209,999)	(359,237)	356,248	(79,716)	**(306,356)**
Income tax (expense)/credit	(69,188)	(62,880)	(110,931)	(39,080)	**20,936**
(Loss)/profit for the year	(279,187)	(422,117)	245,317	(118,796)	**(285,420)**
Attributable to:					
Owners of the Company	(316,575)	(453,114)	190,711	(142,413)	**(278,244)**
Non-controlling interests	37,388	30,997	54,606	23,617	**(7,176)**
	(279,187)	(422,117)	245,317	(118,796)	**(285,420)**
	HK cents	HK cents	HK cents	HK cents	**HK cents**
(Loss)/earnings per share (note (i))					
Basic	(7.73)	(11.07)	3.34	(2.23)	**(4.37)**
Diluted	(7.73)	(11.07)	3.34	(2.23)	**(4.37)**

	As at 31 December				
	2019	2020	2021	2022	**2023**
	HK$'000	*HK$'000*	*HK$'000* (Restated)	*HK$'000* (Restated)	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	10,716,927	11,839,068	12,613,347	11,224,742	**10,926,712**
Total liabilities	(2,830,968)	(3,166,279)	(3,255,899)	(3,184,214)	**(3,444,568)**
	7,885,959	8,672,789	9,357,448	8,040,528	**7,482,144**
Equity attributable to owners of the Company	6,582,973	7,108,464	7,813,561	6,684,441	**6,220,127**
Non-controlling interests	1,302,986	1,564,325	1,543,887	1,356,087	**1,262,017**
	7,885,959	8,672,789	9,357,448	8,040,528	**7,482,144**

FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2023

Notes:

(i) Earnings/(loss) per share information for all period presented has been computed in accordance with the provisions of HKAS 33 "Earnings Per Shares". Earnings/(loss) per share have been adjusted for the rights issue made during the year ended 31 December 2021.

(ii) For the year ended 31 December 2019, the Group had applied HKFRS 16 and other amendments to HKFRSs. For the year ended 31 December 2023, the Group had applied HKFRS 17 and other amendments to HKFRSs. Accounting policies resulting from application of HKFRS 16 and HKFRS 17 are disclosed in the "Summary of other accounting policies" section.

(iii) The comparative amounts for the years ended 31 December 2020 and 2019 have not been restated for the effects of change in measuring the fair value of investment in ZhongAn Online P&C Insurance Co., Ltd.