百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1168)

ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2018

- Revenue up 33% to HK$528.4 million
- Gross profit up 45% to HK$273.1 million
- Loss attributable to owners of the Company was HK$267.7 million
- Basic loss per share was HK7.56 cents

The board of directors (the "Board") of Sinolink Worldwide Holdings Limited (the "Company") announced the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2018.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	2018 HK$'000	2017 HK$'000
Revenue	3		
Interest revenue from financing services business		**92,775**	25,010
Revenue from operating activities		**435,649**	373,251
Total revenue		**528,424**	398,261
Cost of sales		**(255,334)**	(210,390)
Gross profit		**273,090**	187,871
Other income	4	**103,667**	125,092
Selling expenses		**(5,276)**	(3,199)
Administrative expenses		**(131,612)**	(105,482)
Other expenses	4	**–**	(18,244)
Other gains and losses	5	**(397)**	(81,735)
Increase in fair value of investment properties	11	**81,818**	52,486
Fair value (loss) gain on other financial assets at fair value through profit or loss ("FVTPL") and derivative financial instruments		**(49,659)**	35,042
Impairment loss on loan receivable from associates	13	**–**	(122,835)
Fair value loss on loan receivable from associates and amounts due from associates	13	**(158,475)**	–
Reversal of impairment loss on property, plant and equipment		**–**	56,558
Share of results of associates		**(225,200)**	95,227
Finance costs	6	**(25,165)**	(8,070)
(Loss) profit before taxation	7	**(137,209)**	212,711
Taxation	8	**(85,965)**	(66,817)
(Loss) profit for the year		**(223,174)**	145,894
Attributable to:			
Owners of the Company		**(267,723)**	110,088
Non-controlling interests		**44,549**	35,806
		(223,174)	145,894
		HK cents	*HK cents*
(Loss) profit per share	10		
Basic		**(7.56)**	3.11
Diluted		**(7.56)**	3.11

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	HK$'000	*HK$'000*
(Loss) profit for the year	**(223,174)**	145,894
Other comprehensive (expense) income		
Item that will not be reclassified to profit or loss:		
Exchange differences arising on translation to presentation currency	**(403,147)**	580,558
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	**(2,184,591)**	–
	(2,587,738)	580,558
Item that may be reclassified subsequently to profit or loss:		
Fair value gain on available-for-sale investments, net of tax	**–**	3,414,642
Other comprehensive (expense) income for the year, net of tax	**(2,587,738)**	3,995,200
Total comprehensive (expense) income for the year	**(2,810,912)**	4,141,094
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(2,345,967)**	3,323,397
Non-controlling interests	**(464,945)**	817,697
	(2,810,912)	4,141,094

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2018

	NOTES	**2018** **HK$'000**	2017 HK$'000
Non-current assets			
Property, plant and equipment		**258,820**	314,444
Prepaid lease payments		**58,412**	62,492
Investment properties	*11*	**2,654,600**	2,698,723
Amounts due from associates		**125,537**	170,744
Interests in associates		**115,681**	177,115
Available-for-sale investments	*12*	**–**	4,968,197
Equity instruments at FVTOCI	*12*	**1,894,958**	–
Other receivables		**158,399**	158,399
Loans receivables	*16*	**1,491**	466,091
Loan receivable from associates	*13*	**567,146**	1,207,906
Finance lease receivables	*17*	**69,150**	–
Deferred tax assets		**828**	–
Long-term bank deposits		**50,228**	63,400
Pledged bank deposits	*19*	**776,256**	–
		6,731,506	10,287,511
Current assets			
Stock of properties	*14*	**867,991**	887,987
Trade and other receivables, deposits and prepayments	*15*	**91,593**	53,594
Loans receivables	*16*	**360,389**	600,560
Finance lease receivables	*17*	**84,221**	111,463
Other financial assets at FVTPL	*18*	**1,304,546**	256,720
Prepaid lease payments		**1,227**	1,285
Short-term bank deposits		**141,919**	382,177
Structured deposits		**239,726**	577,751
Pledged bank deposits		**601**	629
Cash and cash equivalents		**1,538,713**	1,928,596
		4,630,926	4,800,762
Current liabilities			
Trade payables, deposits received and accrued charges	*20*	**501,388**	543,982
Contract liabilities		**10,865**	–
Taxation payable		**710,667**	736,052
Borrowings – due within one year	*21*	**341,205**	752,572
		1,564,125	2,032,606
Net current assets		**3,066,801**	2,768,156
Total assets less current liabilities		**9,798,307**	13,055,667

	NOTE	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Borrowings – due after one year	*21*	**685,599**	24,731
Deferred tax liabilities		**825,060**	1,574,019
		1,510,659	1,598,750
Net assets		**8,287,648**	11,456,917
Capital and reserves			
Share capital		**354,111**	354,111
Reserves		**6,589,900**	9,269,937
Equity attributable to owners of the Company		**6,944,011**	9,624,048
Non-controlling interests		**1,343,637**	1,832,869
Total equity		**8,287,648**	11,456,917

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL

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

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

The principal activities of the Group are property development, property management, property investment and financing services.

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

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

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

In addition, the Group has applied Amendments to HKFRS 9 "Prepayment Features with Negative Compensation" in advance of the effective date, i.e. 1 January 2019.

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

2.1 HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded Hong Kong Accounting Standards ("HKAS") 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings or other components of equity, as appropriate and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Property management fee income;
- Service income from finance leasing and loan financing services (including consultancy services for a period of time and research study services); and
- Hotel operation income from room rentals, food and beverage sales and other ancillary services.

Information about the Group's performance obligations resulting from application of HKFRS 15 are disclosed in note 3.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	Carrying amounts previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS 15 at 1 January 2018*
		HK$'000	*HK$'000*	*HK$'000*
Current liabilities				
Trade and other payables, deposits received and accrued charges	*(a)*	543,982	(13,450)	530,532
Contract liabilities	*(a)*	–	13,450	13,450

* The amounts in this column are before the adjustments from the application of HKFRS 9.

Note:

(a) As at 1 January 2018, advances from customers of HK$13,450,000 in respect of property management contracts previously included in trade and other payables, deposits received and accrued charges were reclassified to contract liabilities.

There is no material impact on the revenue recognition on the timing and amounts of revenue recognised upon the application of HKFRS 15 on 1 January 2018.

2.2 HKFRS 9 "Financial Instruments" and the related amendments

In the current year, the Group has applied HKFRS 9 "Financial Instruments", Amendments to HKFRS 9 "Prepayment Features with Negative Compensation" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets, finance lease receivables and financial guarantee contracts and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Summary of effect arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Notes	Available-for-sale investments	Equity instruments at fair value through other comprehensive income ("FVTOCI")	Financial assets at fair value through profit or loss ("FVTPL") required by HKAS 39/ HKFRS 9	Trade and other receivables, deposits and prepayment	Loan receivables	Finance lease receivables	Loan receivable from associate	Amounts due from associates	Structured deposits	Trade and other payables, deposits received and accrued charges	Contract liabilities	Deferred tax assets	Deferred tax liabilities	Investments revaluation reserve	Retained earnings	Non-controlling interests
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Closing balance at 31 December 2017 – HKAS 39		4,968,197	–	256,720	53,594	1,066,651	111,463	1,207,906	170,744	577,751	(543,982)	–	–	(1,574,019)	(2,731,713)	(3,393,983)	(1,832,869)
Effect arising from initial application of HKFRS 15		–	–	–	–	–	–	–	–	–	13,450	(13,450)	–	–	–	–	–
Effect arising from initial application of HKFRS 9:																	
Reclassification																	
From available-for-sale investments	*(a)*	(4,968,197)	4,873,878	80,808	13,511	–	–	–	–	–	–	–	–	–	–	–	–
From loans and receivables	*(c)*	–	–	1,956,401	–	–	–	(1,207,906)	(170,744)	(577,751)	–	–	–	–	–	–	–
Remeasurement																	
Impairment under ECL model	*(d)*	–	–	–	–	(2,631)	(120)	–	–	–	–	–	688	–	–	2,063	–
From cost less impairment to fair value	*(a)*	–	11,853	6,977	–	–	–	–	–	–	–	–	–	(5,381)	(6,035)	(4,186)	(3,228)
From amortised cost to fair value	*(c)*	–	–	(342,228)	–	–	–	–	–	–	–	–	–	–	–	342,228	–
Opening balance at 1 January 2018		–	4,885,731	1,958,678	67,105	1,064,020	111,343	–	–	–	(530,532)	(13,450)	688	(1,579,400)	(2,737,748)	(3,053,878)	(1,836,097)

(a) *Available-for-sale investments*

From AFS equity investments to FVTOCI

The Group elected to present in OCI for the fair value changes of its equity investments previously classified as available-for-sale investments, of which HK$58,449,000 related to unquoted equity investments previously measured at cost less impairment and HK$4,815,429,000 related to unquoted equity investment previously measured at fair value under HKAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$4,873,878,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI. The fair value gains of HK$11,853,000 relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and investments revaluation reserve as at 1 January 2018. The fair value gain of HK$2,731,713,000 relating to those investments previously carried at fair value continued to accumulate in investments revaluation reserve. The deferred tax liabilities and non-controlling interests increased by HK$3,637,000 and HK$2,181,000, respectively. No deferred tax asset has been recognised in relation to deductible temporary difference of HK$2,692,000 as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

From AFS investments to FVTPL

At the date of initial application of HKFRS 9, the Group's equity investments of HK$59,808,000 were reclassified from available-for-sale investments to financial assets at FVTPL. The fair value gains of HK$6,977,000 relating to those equity investments previously carried at cost less impairment were adjusted to financial assets at FVTPL and retained earnings as at 1 January 2018. The deferred tax liabilities and non-controlling interests increased by HK$1,744,000 and HK$1,047,000, respectively. The Group's unlisted fund investments of HK$20,100,000, of which previously measured at fair value under HKAS 39, were reclassified from available-for-sale investments to financial assets at FVTPL.

(b) *Financial assets at FVTPL and/or designated at FVTPL*

At the date of initial application, the Group no longer applied designation as measured at FVTPL for the coupon notes linked with listed equity securities, as these financial assets are required to be measured at FVTPL under HKFRS 9. As a result, the fair value of these investments of HK$131,655,000 were reclassified from financial assets designated at FVTPL to financial assets at FVTPL.

Remaining investments are equity securities and debt instruments (representing the listed senior notes) which are required to be classified as FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

(c) Loans and receivables

Loan receivable from associates of HK$1,207,906,000 and amounts due from associates of HK$170,744,000 previously classified as loans and receivables were reclassified to FVTPL upon the application of HKFRS 9. In accordance with the investment agreement, the Group and the other shareholder contributed minimal amount of capital and substantially all portion of the associates' capital expenditures/operations were funded through loan receivable from associates and amounts due from associates by the Group and a detailed analysis of the particular facts and circumstances at the date of origination of the advances led to the conclusion that the contractual cash flows of the advances did not represent purely a return on time value of money and credit risk. Loan receivable from associates and amounts due from associates represent an investment in the property project of the associates and hence the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding.

Structured deposits of HK$577,751,000 previously classified as loans and receivables were also reclassified to FVTPL upon application of HKFRS 9 because their contractual cash flows do not represent solely the payments of principal and interest on the principal amount outstanding.

The related fair value losses of HK$342,228,000 was adjusted to financial assets at FVTPL and retained earnings as at 1 January 2018.

(d) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and finance lease receivables. To measure the ECL, trade receivables and finance lease receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of loan receivables, long-term and short-term bank deposits, pledged bank deposits and cash and cash equivalents, and financial guarantee contracts are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

For long-term and short-term bank deposits, pledged bank deposits and cash and cash equivalents, the Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies and consider the risk of default is regard as low and 12-month ECL is insignificant.

For outstanding financial guarantees provided to banks for the mortgage loans arranged for the purchasers of the Group's properties of HK$20,220,000 as at 1 January 2018, the Group considers that the ECL on the financial guarantee contracts is insignificant after the assessment by the management of the Group.

As at 1 January 2018, the additional credit loss allowance of HK$2,751,000 has been recognised against retained earnings. The additional loss allowance is charged against the respective assets. The deferred tax assets increased by HK$688,000.

All loss allowances for financial assets including loan receivable and finance lease receivables at amortised cost as at 31 December 2017 reconciled to the opening loss allowance as at 1 January 2018 is as follows:

	Loan receivables *HK$'000*	**Finance lease receivables** *HK$'000*
At 31 December 2017 – HKAS 39	–	–
Amounts remeasured through opening retained earnings	2,631	120
At 1 January 2018	2,631	120

New and amendments to HKFRSs in issue but not yet effective

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

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

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) – Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group elected the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

3. REVENUE AND SEGMENT INFORMATION

(A) Revenue

For the year ended 31 December 2018

(i) Disaggregation of revenue from contracts with customers

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

	2018
	HK$'000
Recognised over time under HKFRS 15:	
– Property management fee income	**121,598**
– Consultation service income from financing services business	**31,820**
– Other service income	**70,707**
Recognised at a point in time under HKFRS 15:	
– Service income from finance leasing and loan financing services	**4,640**
Recognised under HKFRS 15	**228,765**
Recognised under other HKFRSs:	
– Rental income	**206,884**
– Interest income from financing services business	**92,775**
	528,424

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 2018

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

(ii) *Performance obligations for contracts with customers*

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

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

Service income from finance leasing and loan financing services

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

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 and the expected timing of recognising revenue are as follows:

	Property Management services
	HK$'000
Within one year	26,787
More than one year but not more than two years	17,052
More than two years but not more than five years	21,534
More than five years	22,420
	87,793

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

For the year ended 31 December 2017

	2017
	HK$'000
Property management fee income	118,357
Rental income	181,059
Interest income from financing business	25,010
Service income from finance leasing and loan financing services	13,555
Others	60,280
	398,261

(B) Segment information

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

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

For the year ended 31 December 2018

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

For the year ended 31 December 2017

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Financing services HK$'000	Total for reportable segments HK$'000	Others HK$'000	Consolidated HK$'000
REVENUE							
External sales	–	118,357	181,059	38,565	337,981	60,280	398,261
RESULT							
Segment results	(3,442)	5,484	204,010	13,717	219,769	10,990	230,759
Other income							125,092
Unallocated corporate expenses							(48,311)
Other gains and losses							(81,735)
Fair value gain on financial assets at FVTPL and derivative financial instruments							35,042
Impairment loss on loan receivable from associates							(122,835)
Impairment loss on available-for-sales investments							(17,021)
Share of results of associates							95,227
Unallocated finance costs							(3,507)
Profit before taxation							212,711

Segment results represent the profit earned/loss incurred by each segment without allocation of other income, other gains and losses, central administration costs, impairment loss on loan receivable from associates and available-for-sale investments, directors' salaries, share of results of associates, change in fair value of financial assets at FVTPL and derivative financial instruments, loan receivable from associates and amounts due from associates, certain finance costs and taxation.

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

All the Group's revenue for both years is generated from the PRC (based on where the properties are located) and substantially all the Group's non-current assets other than financial instruments are also located in the PRC (place of domicile of the group entities that hold such assets). No individual customer of the Group has contributed sales over 10% of the revenue of the Group during each of the year ended 31 December 2018 or 2017.

4. OTHER INCOME/OTHER EXPENSES

Other income

	2018	2017
	HK$'000	*HK$'000*
Dividends from financial assets at FVTPL	**246**	1,939
Interest income from bank deposits	**73,883**	86,301
Interest income on other financial assets at FVTPL	**22,433**	8,911
Interest income from financial assets designated at FVTPL	**–**	7,890
Interest income from loans receivables	**1,750**	12,766
Others	**5,355**	7,285
	103,667	125,092

Other expenses

	2018	2017
	HK$'000	*HK$'000*
Impairment loss on available-for-sale investments	**–**	17,021
Donations	**–**	1,156
Others	**–**	67
	–	18,244

5. OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment, net	**–**	57
Net exchange loss *(note)*	**(1,627)**	(81,792)
Reversal of provision for (provision for) loss allowance on		
– loan receivables	**590**	–
– finance lease receivables	**(1,181)**	–
– trade receivables	**(117)**	–
Gain on disposal of a subsidiary	**2,098**	–
Others	**(160)**	–
	(397)	(81,735)

Note: The net exchange loss mainly arose on the translation of the loan receivable from associates denominated in United States Dollar ("USD") for year ended 31 December 2017. Upon application of HKFRS 9 on 1 January 2018, loan receivable from associates was reclassified to FVTPL, the net exchange loss/gain arose on translation of this instrument is included to fair value change.

6. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on borrowings	**25,165**	8,070

7. (LOSS) PROFIT BEFORE TAXATION

	2018	2017
	HK$'000	*HK$'000*
(Loss) profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**53,063**	78,381
Release of prepaid lease payments	**1,269**	1,242

8. TAXATION

	2018	2017
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
PRC Enterprise Income Tax	**59,373**	49,072
Deferred taxation	**21,869**	17,745
Withholding tax	**4,723**	–
	85,965	66,817

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

Taxation for subsidiaries of the Group, which were established and principally operated in the Shenzhen Special Economic Zone, is calculated at the rate of 25% of their assessable profits for the year ended 31 December 2018 (2017: 25%) according to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

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

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

9. DIVIDENDS

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

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2018 (2017: nil).

10. (LOSS) PROFIT PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss) profit per share	**(267,723)**	110,088

	Number of shares	
	2018	2017
Number of shares for the purpose of basic and diluted (loss) profit per share	**3,541,112,832**	3,541,112,832

The computation of diluted (loss) profit per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of shares for both 2018 and 2017.

11. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2017	2,470,127
Exchange realignment	176,110
Increase in fair value of investment properties	52,486
At 31 December 2017	2,698,723
Exchange realignment	(125,941)
Increase in fair value of investment properties	81,818
At 31 December 2018	2,654,600
Unrealised gain on property revaluation included in profit or loss:	
For the year ended 31 December 2018	81,818
For the year ended 31 December 2017	52,486

The fair values of the completed investment properties at 31 December 2018 and 2017 have been arrived at on the basis of a valuation carried out on those dates by Messrs. Cushman & Wakefield Limited.

12. EQUITY INSTRUMENTS AT FVTOCI/AVAILABLE-FOR-SALE INVESTMENTS

	2018	2017
	HK$'000	*HK$'000*
Equity instruments at FVTOCI comprise:		
Domestic shares of an entity listed in Hong Kong, at fair value *(note)*	**1,790,137**	–
Unlisted equity securities in Hong Kong, the PRC and overseas, at fair value	**104,821**	–
Total	**1,894,958**	–
Available-for-sale investments comprise:		
Domestic shares of an entity listed in Hong Kong, at fair value *(note)*	**–**	4,807,679
Unlisted equity securities in Hong Kong and the PRC, at cost	**–**	118,257
Unlisted fund investments in overseas, at fair value	**–**	28,750
Club debentures, at fair value	**–**	13,511
Total	**–**	4,968,197

Note: The Group held domestic shares of ZhongAn Online P & C Insurance Co., Ltd ("ZhongAn Online") (Stock code: 6060). The marketability of domestic shares is different from ZhongAn Online H Shares. Also, pursuant to the Company Law of the PRC, the shares of ZhongAn Online issued prior to its listing shall not be transferred within one year from the listing date (i.e. 28 September 2017). The fair value of investment in ZhongAn Online at 31 December 2018 and 31 December 2017 has been arrived at on the basis of a valuation carried out by independent professional valuers not connected with the Group.

13. LOAN RECEIVABLE FROM ASSOCIATES

	2018	2017
	HK$'000	*HK$'000*
Shareholder's loan receivable		
– measured at amortised costs	**–**	1,771,260
– measured at FVTPL	**1,289,063**	–
Less: Share of loss and other comprehensive expenses of associates in excess of cost of investment	**(721,917)**	(563,354)
	567,146	1,207,906

The amount represents a shareholder's loan receivable from RGAP for financing a property development and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. As the loan receivable was considered as a net investment, the Group has recognised its share of loss of RGAP in excess of the cost of investment against the loan receivable. As at 31 December 2017, the amount is carried at amortised cost based on the estimated future cash flows that are expected to be received by the Group as well as the estimated timing of such receipts. The loan receivable including principal and interest is unsecured and has no fixed repayment terms. The directors of the Company consider that the loan receivable will not be repayable within one year from the end of the reporting period, it is classified as non-current asset accordingly.

As at 31 December 2017, the directors of the Company assessed the recoverable amount of the loan receivable (including the interest receivable from the loan receivable) taking into consideration the estimated future cash flows and timing of such cash flows discounted at its original effective interest rate.

Upon the application of HKFRS 9 as at 1 January 2018, loan receivable from associates as well as the amounts due from associates represent an investment in the project of RGAP as detailed in note 2.2(c) and hence the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding and loan receivable from associates as well as the amounts due from associates are both measured at FVTPL. The directors of the Company assessed the fair value of the loan receivable from associates and amounts due from associates by taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate. During the year, RGAP has delayed the construction plan of its property project. As such, the Group has revised its estimates as to when the amounts due from associates and loan receivable from associates can be received.

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

An impairment loss of HK$122,835,000, which represented an adjustment to the loan receivable from associates to reduce its carrying amount to its estimated recoverable amount, is recognised in profit or loss during the year ended 31 December 2017.

The directors of the Company have reviewed the carrying amount of the loan receivable from associates of HK$567,146,000 (2017: HK$1,207,906,000) and amounts due from associates of HK$125,537,000 (2017: HK$170,744,000) and considered that these amounts are fully recoverable.

14. STOCK OF PROPERTIES

	2018	2017
	HK$'000	*HK$'000*
Properties under development	**867,991**	887,987

As at 31 December 2018, properties under development of HK$867,991,000 (2017: HK$887,987,000) represent the carrying amount of the properties expected to be completed more than one year from the end of the reporting period.

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 *HK$'000*	2017 *HK$'000*
Trade receivables from property management and property investment business	**1,675**	2,241
Trade receivables from financing services	**28,229**	11,694
	29,904	13,935
Less: allowance for credit loss	**(114)**	–
Total trade receivables	**29,790**	13,935
Interest receivables from bank deposits	**23,092**	9,393
Other receivables, deposits and prepayments	**38,711**	30,266
	91,593	53,594

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

	2018 *HK$'000*	2017 *HK$'000*
Aged:		
0 to 60 days	**1,049**	1,960
61 to 180 days	**283**	263
Over 181 days	**343**	18
	1,675	2,241

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

	2018 *HK$'000*	2017 *HK$'000*
Aged:		
0 to 30 days	**–**	11,694
Over 180 days	**28,115**	–
	28,115	11,694

As at 31 December 2018, trade receivables from property management and property investment services of HK$1,049,000 (2017: HK$1,960,000) is neither past due nor impaired. As at 31 December 2017, trade receivables from financing services of HK$11,694,000 is neither past due nor impaired.

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

As at 31 December 2017, included in the Group's trade receivables from property management and property investment are debtors with aggregate carrying amount of HK$281,000 which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade debtors from property management and property investment services which are past due but not impaired:

	2017 *HK$'000*
61-180 days	263
Over 181 days	18
	281

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

16. LOANS RECEIVABLES

	2018 ***HK$'000***	2017 *HK$'000*
Factoring loans receivables with recourse *(note (i))*	**240,534**	527,395
Purchased loans receivables *(note (ii))*	**–**	357,955
Designated loan receivable through a trust	**114,155**	119,617
Other loans receivables	**9,132**	61,684
	363,821	1,066,651
Less: allowance for credit loss	**(1,941)**	–
Total	**361,880**	1,066,651
For the purpose of financial report, the loans receivables analysed as follows:		
Non-current	**1,491**	466,091
Current	**360,389**	600,560
Total	**361,880**	1,066,651

Notes:

(i) The Group granted factoring loans receivables to independent third parties, which the independent third parties have a portfolio of the receivables from providing loan to the underlying customers. According to the factoring agreements signed between the independent third parties and the Group, the legal title of the receivables of the underlying customers were transferred to the Group and the independent third parties are responsible for the management of the underlying customer receivables, including the collection of receivables from the underlying customers. Also, such receivable is guaranteed by the independent third parties and repayable by instalment based on the terms of the factoring agreement. In the event of default of repayment by the underlying customers, the Group has the right to request independent third parties to repurchase the outstanding receivables of the underlying customers plus accrued interest. The independent third parties are obliged to repay to the Group within 5 days upon their collection of money from the underlying customers, and the Group expects to realise such amounts by collecting the repayments from the independent third parties. The effective interest rates of the factoring loans receivables range mainly from 6.4% to 16.0% (2017: 6.4% to 14.6%) per annum as at 31 December 2018. The management of the Group reviews and assesses for impairment individually and continues to monitor any significant changes.

As at 31 December 2018 and 2017, entire factoring loans receivables are neither past due nor impaired.

(ii) During the year ended 31 December 2017, the Group purchased a portfolio of unsecured receivables from providing loan to the underlying customers with the principal amount of RMB230,000,000 from an independent third party without recourse at a cash consideration of RMB230,000,000 (equivalent to HK$275,120,000). The portfolio of the loans receivables is managed by a financial institution. The financial institution acted as the trustee and charged 0.1% per month on the loans receivables as trustee fee. This portfolio of loans receivables carried fixed interest rate ranged from 6.5% to 18.0% per annum and is repayable by instalment within 1 year. Based on the purchase agreement, the independent third party guaranteed the Group interest return of 6.5% per annum. The credit risk of this unsecured loan receivable is insured by ZhongAn Online.

Also, the Group purchased a portfolio of loans receivables to the underlying customers with the principal amount of RMB69,250,000 from an independent third party without recourse at a cash consideration of RMB69,250,000 (equivalent to HK$82,835,000). This portfolio of loans receivables, is secured by the properties held by underlying customers, carried fixed interest rate of 7.5% per annum and is repayable by instalment within 1 year. The credit risk of loans receivables is insured by ZhongAn Online. Upon the transfer, the insured person is then transferred to the Group.

These purchased loan receivables are settled by the debtors during the year ended 31 December 2018.

17. FINANCE LEASE RECEIVABLES

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

	Minimum lease payments As at 31 December		Present value of minimum lease payments As at 31 December	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount receivable:				
Not later than one year	**96,904**	117,893	**84,221**	111,463
More than one year but not exceeding two years	**74,526**	–	**70,406**	–
Less: Unearned finance income	**(16,803)**	(6,430)	**N/A**	N/A
Present value of lease obligations	**154,627**	111,463	**154,627**	111,463
Less: Impairment loss allowance	**(1,256)**	–	**(1,256)**	
	153,371	111,463		
Less: Amounts receivable within one year (shown as current assets)			**(84,221)**	(111,463)
Amount receivable after one year			**69,150**	–

The Group's finance lease receivables are denominated in RMB. The effective interest rates of the finance leases as at 31 December 2018 range from 9.2% to 12.8% (2017: 8.7% to 10.6%) per annum.

As at 31 December 2018, finance lease receivables of HK$153,371,000 (2017: HK$111,463,000) were guaranteed by related parties of customers and secured by the leased assets and customers' deposits. The title of the leased assets will be transferred to the customers with minimal consideration at the end of the term of leases.

18. OTHER FINANCIAL ASSETS AT FVTPL

	2018	2017
	HK$'000	*HK$'000*
Other financial assets at FVTPL		
– Equity securities listed in Hong Kong	**17,696**	24,418
– Equity securities listed in the PRC	**66,372**	39,116
– Investments in Redeemable Preference Shares *(note)*	**600,000**	–
– Investments in redeemable convertible preference share of an entity	**113,482**	–
– Senior notes listed in Hong Kong	**–**	24,085
– Senior notes listed overseas	**13,892**	37,446
– Coupon notes linked with listed equity securities	**57,142**	131,655
– Unlisted fund investments in the PRC	**373,289**	–
– Unlisted fund investments overseas	**62,673**	–
	1,304,546	256,720

Note: The Group subscribed redeemable preference shares of ZhongAn Technologies International Group Limited ("ZhongAn International") ("Redeemable Preference Shares") of RMB526,451,000 during the year ended 31 December 2018. ZhongAn International have the right to redeem from the Group all or any portion of Redeemable Preference Shares within 5 years from the date of the issuance of Redeemable Preference Shares (which term shall be renewed automatically every 5 years, subject to any veto by any of the Group or ZhongAn Information and Technology Services Co., Ltd.) at the principal amount of the Redeemable Preference Shares being redeemed plus simple rate of 5.5% per annum on the amount redeemed calculated from the date of the relevant contribution by the Group on pro-rata basis. The Group did not have any voting rights from Redeemable Preference Shares and did not have any right to receive dividend from ZhongAn International. In the event of liquidation of ZhongAn International, the Group ranks in priority to other classes of shares in ZhongAn International. As the rights and obligations of the ownership over Redeemable Preference Shares is different from the ownership of ordinary shares of ZhongAn International, the Group's investment in Redeemable Preference Shares is accounted for in accordance with HKFRS 9 and measured at FVTPL.

19. 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 2018, the Group has placed pledged bank deposits of HK$776,256,000 to secure the long-term bank borrowings granted to the Group. Thus, such pledged bank deposits are classified as non-current assets as at 31 December 2018.

20. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**39,807**	47,798
Other payables for construction work	**206,429**	205,545
Deposits and receipts in advance for rental and management fee	**95,515**	111,040
Deposits received from customers of loans receivables	**12,166**	33,543
Deposits received from customers of finance lease receivables	**–**	15,431
Other tax payables	**20,945**	25,097
Salaries payable and staff welfare payables	**51,592**	52,740
Other payables and accrued charges	**74,934**	52,788
	501,388	543,982

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

	2018	2017
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**5,808**	11,926
91 to 180 days	**1,529**	1,783
181 to 360 days	**125**	3,582
Over 360 days	**32,345**	30,507
	39,807	47,798

21. BORROWINGS

	2018	2017
	HK$'000	*HK$'000*
Bank borrowings – secured	**786,771**	927
Bank borrowings – unsecured	**22,831**	59,809
Other borrowings – secured	**–**	358,851
Other borrowings – unsecured	**1,140**	–
Factoring loans – secured	**216,062**	357,716
	1,026,804	777,303
Carrying amounts repayable based on a schedule repayment term:		
Within one year	**125,143**	394,855
More than one year but not exceeding two years	**171**	24,104
More than two years but not exceeding five years	**685,428**	538
More than five years	**–**	90
	810,742	419,587
Carrying amounts of factoring loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**216,062**	357,716
	1,026,804	777,303
Less: Amount classified as current liabilities	**(341,205)**	(752,572)
Amount due after one year and classified as non-current liabilities	**685,599**	24,731

MANAGEMENT DISCUSSION AND ANALYSIS

Looking back at 2018, the World Bank and the International Monetary Fund revised down their respective economic forecasts in light of decline in global trade and investment growth. The Federal Reserve (the "Fed") has called for more "patience" on interest rates hike due to slowdown in the U.S. economic growth and a turbulent financial market, and a number of Fed officials have adopted a more prudent attitude towards the prospect of the US economy and the pace of interest rate hikes. Besides, the growth momentum of the five major economies in the Eurozone also slowed down in 2018 with fragile economic confidence, resulting in the climate index falling to its lowest level in two years. Overall, there were more negative external factors and challenges at play in the Chinese economy.

In 2018, China's GDP amounted to RMB90 trillion, representing an increase of 6.6% as compared to last year. By quarters, the year-on-year growth rates of GDP in each of the four quarters were 6.8%, 6.7%, 6.5% and 6.4% respectively, showing a downward trend in growth rate throughout the year and indicating great pressure on the domestic economy due to slowdown in global economic growth and weakened domestic and overseas demands.

The continuous slowdown in China's economic growth is attributable to both structural and cyclical factors. Since 2012, the potential economic growth in China has been on a decline track due to slowdown in technology development, weakening of incentive mechanisms and decline in resource allocation efficiency as well as increasing costs of labor force, environment, land and resources. Meanwhile, the market demand was weakened due to the diminishing marginal return on corporate capital as stimulated by previous economic growth and the cyclical factors such as the downward financial cycle. The PRC economy will remain under downward pressure in the short and medium term. As a country in transition, there is still substantial room for China's institutional reform. In view of this, continuous efforts shall be made to implement supply-side reform while taking measures to boost market demands, with an aim to enhance potential economic growth.

In 2018, the Company actively considered enhancing its business model and creating value for the Group in response to the Chinese government's and the Hong Kong government's proactive approach to promote financial technology development. In 2018, while maintaining to develop real estate business and financing services business, the Group actively collaborated with leading financial technology companies in the market and grasped every opportunity to develop in the financial technology market. For instance, we invested in ZhongAn Online P & C Insurance Co., Ltd. ("ZhongAn Online") (stock code: 6060) and established a joint venture, ZhongAn Technologies International Group Limited ("ZhongAn International"), with the Company.

For the year ended 31 December 2018, the Group's revenue increased by 33% year-over-year to HK$528.4 million. Gross profit increased by 45% year-over-year to HK$273.1 million. The Company recorded loss attributable to the owners of the Company of HK$267.7 million for the year, as compared to the profit attributable to the owners of the Company of HK$110.1 million for the year ended 31 December 2017. Basic loss per share amounted to HK7.56 cents, decreased 343% year-over-year.

PROPERTY RENTAL

For the year ended 31 December 2018, total rental income amounted to HK$206.9 million, representing an increase of 14% as compared to last year.

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

Sinolink Tower

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

As at 31 December 2018, the occupancy rate of the office portion of Sinolink Tower was 90%. Tenants are mainly engaged in jewelry, investment and real estate business.

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

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

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2018, the Group has the following properties under development:

1. Rockbund

Located at the Bund in Shanghai, Rockbund is an integrated property project jointly developed by the Group and The Rockefeller Group International, Inc. The project, comprising preserved heritage buildings and some new structures, has a total site area of 18,000 square meters with a GFA of 94,080 square meters. The Group intends to redevelop the historical site and structures into an upscale mixed-use neighborhood with residential, commercial, retail, food and beverages, offices and cultural facilities. The preserved heritage buildings have commenced operation with a portion already leased out. Capital works of the new building structures had been completed with structural works well under way. The entire project is expected to commence operation upon completion of the construction in 2020.

2. Ningguo Mansions

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

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

MAJOR ASSOCIATE – ROCKEFELLER GROUP ASIA PACIFIC, INC.

For the year ended 31 December 2018, the Group recorded a turnaround from share of profit of a major associate, Rockefeller Group Asia Pacific, Inc. (“RGAP”), of HK$92.4 million to share of loss of HK$158.6 million in respect of the Rockbund project, which was mainly due to the changes in exchange loss of RGAP, the valuation of the investment properties and finance cost.

LOAN RECEIVABLE FROM ASSOCIATES

The loan receivable is an investment in RGAP by way of a shareholder’s loan used for financing the Rockbund project, constituting part of the total investment of the Group in RGAP. As the loan receivable is in fact an investment, the Group has recognized its share of loss of RGAP in excess of the investment cost against the loan receivable. As at 31 December 2017, such amount is measured at amortized cost based on the estimated future cash flows expected to be received by the Group as well as the estimated timing of such amount. Since Hong Kong Financial Reporting Standards (“HKFRS”) 9 became effective on 1 January 2018, the loan receivable from RGAP is measured at fair value through profit or loss (“FVTPL”). The directors consider that the investment is a long-term investment, which should be classified into a non-current asset accordingly.

As at 31 December 2017, the directors of the Company reassessed the recoverable amount of such investment after taking into consideration the estimated future cash flows and timing of such cash flows discounted at original effective interest rate of the loan.

Upon the application of HKFRS 9 as at 1 January 2018, loan receivable from associates as well as the amounts due from associates represent an investment in the project of RGAP as detailed in note 2.2(c) of notes to the consolidated financial statements and hence the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding and loan receivable from associates as well as the amounts due from associates are both measured at FVTPL. The directors of the Company assessed the fair value of the loan receivable from associates and amounts due from associates by taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate. During the year, RGAP has delayed the construction plan of its property project. As such, the Group has revised its estimates as to when the amounts due from associates and loan receivable from associates can be recovered.

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

An impairment loss of HK$122,835,000, which represented an adjustment to the loan receivable from associates to reduce its carrying amount to its estimated recoverable amount, is recognised in profit or loss during the year ended 31 December 2017.

The directors of the Company have reviewed the carrying amount of the loan receivable from associates of HK$567,146,000 (2017: HK$1,207,906,000) and amounts due from associates of HK$125,537,000 (2017: HK$170,744,000) and considered that these amounts are fully recoverable.

ASSET FINANCING

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

For the year ended 31 December 2018, the revenue from financing services business amounted to HK$129.2 million (for the year ended 31 December 2017: HK$38.6 million) with effective interest rate ranging from 6.7% to 16.0% per annum (2017: 6.4% to 14.6%). The Group expects that further financing business will be developed gradually in the coming year.

* *For identification purpose only*

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

OTHER BUSINESSES

Other businesses within the Group include property, facility and project management services. For the year ended 31 December 2018, the Group recorded a turnover of HK$192.3 million from other businesses, representing a year-over-year increase of 8%.

SIGNIFICANT INVESTMENTS

In the current year, the Group has applied HKFRS 9 "Financial Instruments", Amendments to HKFRS 9 "Prepayment Features with Negative Compensation" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets, finance lease receivables and financial guarantee contracts and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

As at 31 December 2018, total equity instruments at fair value through other comprehensive income amounted to HK$1,894.9 million (available-for-sale investments as at 31 December 2017: HK$4,968.2 million), mainly represented ZhongAn Online owned by the Group of approximately HK$1,790.1 million (31 December 2017: HK$4,807.7 million), which was measured at fair value at the end of each reporting period.

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

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

JOINT VENTURE – ZHONGAN INTERNATIONAL

As stated in the Company's announcement dated 8 December 2017 and 28 March 2018, the Company entered into the Joint Venture Agreement with ZhongAn Information and Technology Services Co., Ltd. ("ZhongAn Technology Services"), a wholly-owned subsidiary of ZhongAn Online, pursuant to which the Company and ZhongAn Technology Services agreed to jointly invest in ZhongAn International to enable the Company to partner with ZhongAn Technology Services to explore international business development, collaboration and investment opportunities in the areas of fintech and insurtech in overseas market. Pursuant to the Joint Venture Agreement, (a) the Company and ZhongAn Technology Services made a capital contribution in cash in the amount of RMB60 million and RMB50 million, respectively, to ZhongAn International in consideration of its ordinary shares; and (b) the Company has conditionally agreed to make an additional capital contribution of RMB620 million in cash to ZhongAn International in consideration of redeemable preference shares. The Company and ZhongAn Technology Services owns 49% and 51% of the voting interests in ZhongAn International, respectively.

The Group subscribed redeemable preference shares of ZhongAn International ("Redeemable Preference Shares") of RMB526,451,000 (equivalent to HK$600 million) during the year ended 31 December 2018. ZhongAn International have the right to redeem from the Group all or any portion of Redeemable Preference Shares within 5 years from the date of the issuance of Redeemable Preference Shares (which term shall be renewed automatically every 5 years, subject to any veto by any of the Group or ZhongAn Technology Services) at the principal amount of the Redeemable Preference Shares being redeemed plus simple rate of 5.5% per annum on the amount redeemed calculated from the date of the relevant contribution by the Group on pro-rata basis. The Group did not have any voting rights from Redeemable Preference Shares and did not have any right to receive dividend from ZhongAn International. In the event of liquidation of ZhongAn International, the Group ranks in priority to other classes of shares in ZhongAn International. As the rights and obligations of the ownership over Redeemable Preference Shares is different from the ownership of ordinary shares of ZhongAn International, the Group's investment in Redeemable Preference Shares is accounted for in accordance with HKFRS 9 and measured at FVTPL.

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

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

On 31 July 2018, ZhongAn International entered into a shareholder agreement with Soft Bank Vision Fund, pursuant to which Soft Bank Vision Fund, as a strategic investor, will participate in a new operating entity established by ZhongAn International to jointly explore development opportunities for overseas business, with an aim to support ZhongAn International in its efforts to further expand the development of its insurtech, fintech and other technology solution businesses in overseas markets.

On 26 September 2018, ZhongAn International entered into a cooperation agreement with Sompo Japan Insurance Inc. ("SOMPO"), pursuant to which ZhongAn International will, based on ZhongAn Online's experiences and technology strengths gained from the insurtech market in China over the past five years, export insurtech solutions to SOMPO to facilitate upgrading of the core insurance system and digital transformation.

On 16 January 2019, ZhongAn International and Grab Holdings Inc. ("Grab", a leading O2O platform in Southeast Asia) announced to form a joint venture company to jointly explore the Internet insurance distribution business in Southeast Asia. ZhongAn International will establish a digital insurance sales platform and provide back-office technology support for the joint venture company.

In 2019, ZhongAn International will continue to establish and improve its target-oriented team management system and cultivate key talents. In addition, ZhongAn International will continue to leverage on the advantage of Hong Kong as an international city to establish a stronghold in Hong Kong. While making strenuous efforts to exploit markets in Hong Kong, Japan and Southeast Asia, we will explore business opportunities in other countries and regions across the globe, seek for more ecosystem partners and continue to export insurtech solutions and provide integrated financial services.

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

PROSPECTS

Looking forward to 2019, macro-political instability will hamper economic growth, and close attention should be paid to the PRC economy as its economic fundamentals will still face many challenges.

In terms of individual industry, we consider the financial technology industry is at its early stage of development with enormous potential for future development. Benefitting from the highly diversified financial technology centers across the globe and the build-up of the sub-segments including regulatory technology and insurance technology, the overall financial technology industry will continue to witness progressive growth and development. The global financial technology financing recorded a steep increase of nearly 120% from USD50.8 billion in 2017 to USD111.8 billion in 2018.

Financial technology focuses on the application of technology in the financial field. The integration of technology and finance has facilitated innovation in financial products and service modes, improvement of customer experience, enhancement of service efficiency and reduction of transaction cost. In recent years, financial technology has become an investment hot spot for global investors and entrepreneurs.

In terms of business activities, while striving to balance the growth and profitability of the existing business, the Group will continue to pay attention to the opportunities arising from the rapid development of the financial technology industry in the hope that resource allocation for the relevant fields can bring sustainable growth and long-term shareholders' value to the Group.

FINANCIAL REVIEW

The Group's total borrowings increased from HK$777.3 million as at 31 December 2017 to HK$1,026.8 million as at 31 December 2018. As at 31 December 2018, the Group's gearing ratio, calculated on the basis of total borrowings over shareholders' equity, was 14.8% as compared with 8.1% as at 31 December 2017. The Group remained financially strong with a net cash position.

At 31 December 2018, bank deposits of HK$776,857,000 (2017: HK$629,000), structured deposits of HK$116,438,000 (2017: nil) and investment properties with an aggregate carrying amount of HK$528,539,000 (2017: HK$543,062,000) were pledged to banks to secure general banking facilities granted to the Group. The borrowings of the Group are denominated in RMB and HK$. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments have been used for hedging purposes; however, the Board will continue to evaluate and closely monitor the potential impact of RMB and interest rate fluctuation on the Group.

The Group's cash and bank balances amounted to HK$2,747.4 million (including pledged bank deposits, structured deposits, short-term bank deposits, long-term bank deposits, and cash and cash equivalents) as at 31 December 2018, mostly denominated in RMB, HK$ and USD.

CAPITAL COMMITMENTS

As at 31 December 2018, the Group had commitments of HK$37.2 million in respect of properties under development.

CONTINGENT LIABILITIES

As at 31 December 2018, guarantees offered to banks as security for the mortgage loans arranged for the Group's property buyers amounted to HK$12.7 million.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group employed approximately 786 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.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2018.

CORPORATE GOVERNANCE

During the year, the Company has complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") save as disclosed below.

Pursuant to code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Since 28 June 2017, 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 this situation periodically and would ensure that the present structure would not impair the balance of power of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2018, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

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

The annual results of the Group for the year ended 31 December 2018 had been audited by the Company's auditor, Deloitte Touche Tohmatsu, and had been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "AGM") was scheduled to be held on Wednesday, 29 May 2019. 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 Friday, 24 May 2019 to Wednesday, 29 May 2019, 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 Thursday, 23 May 2019.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the staff and management team of the Group for their contribution during the year and also to give my sincere gratitude to all our shareholders for their continual support all these years.

By Order of the Board
Sinolink Worldwide Holdings Limited
XIANG Ya Bo
Chairman and Chief Executive Officer

Hong Kong, 21 March 2019

As at the date of this announcement, the Board comprises, Mr. XIANG Ya Bo (Chairman and Chief Executive Officer) and Mr. CHEN Wei as Executive Directors; Mr. OU Jin Yi Hugo, Mr. OU Yaping and Mr. TANG Yui Man Francis as Non-executive Directors; and Mr. TIAN Jin, Dr. XIANG Bing and Mr. XIN Luo Lin as Independent Non-executive Directors.