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百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1168)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2019

- Revenue decreased 15% to HK$448.9 million
- Gross Profit decreased 3% to HK$265.8 million
- Loss attributable to owners of the Company was HK$316.6 million
- Basic Loss Per Share increased 18% to HK8.94 cents

The board of directors (the "Board") of Sinolink Worldwide Holdings Limited (the "Company") announced the unaudited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2019.

For the reasons explained in the paragraph headed "Review of Unaudited Annual Results" in this announcement, the auditing process for the annual results of the Group for the year ended 31 December 2019 has not been completed.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	2019 HK$'000 (unaudited)	2018 HK$'000 (audited)
Revenue	3		
Interest income		**29,921**	92,775
Rental income		**213,226**	206,884
Other revenue from contracts with customers		**205,761**	228,765
Total revenue		**448,908**	528,424
Cost of sales		**(183,141)**	(255,334)
Gross profit		**265,767**	273,090
Other income	4	**154,348**	103,667
Selling expenses		**(4,546)**	(5,276)
Administrative expenses		**(127,185)**	(131,612)
Other gains and losses	5	**(14,003)**	(397)
Increase in fair value of investment properties	11	**4,545**	81,818
Fair value gain (loss) on other financial assets at fair value through profit or loss ("FVTPL") and derivative financial instruments		**30,202**	(49,659)
Fair value loss on loan receivable from associates and amounts due from associates	12	**(203,000)**	(158,475)
Share of results of associates		**(281,349)**	(225,200)
Finance costs	6	**(34,778)**	(25,165)
Loss before taxation	7	**(209,999)**	(137,209)
Taxation	8	**(69,188)**	(85,965)
Loss for the year		**(279,187)**	(223,174)
Attributable to:			
Owners of the Company		**(316,575)**	(267,723)
Non-controlling interests		**37,388**	44,549
		(279,187)	(223,174)
		HK cents	*HK cents*
Loss per share	10		
Basic		**(8.94)**	(7.56)
Diluted		**(8.94)**	(7.56)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	NOTES	**2019** ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**300,419**	258,820
Prepaid lease payments		**–**	58,412
Investment properties	*11*	**2,599,888**	2,654,600
Amounts due from associates	*12*	**–**	125,537
Interests in associates	*12*	**401,946**	115,681
Equity instruments at FVTOCI	*13*	**1,994,592**	1,894,958
Other financial assets at FVTPL	*19*	**693,096**	–
Other receivables		**158,399**	158,399
Loans receivables	*17*	**–**	1,491
Loan receivable from associates	*14*	**78,703**	567,146
Finance lease receivables	*18*	**416**	69,150
Deferred tax assets		**3,191**	828
Long-term bank deposits		**54,449**	50,228
Pledged bank deposits		**758,929**	776,256
		7,044,028	6,731,506
Current assets			
Stock of properties	*15*	**866,726**	867,991
Trade and other receivables, deposits and prepayments	*16*	**93,023**	91,593
Loans receivables	*17*	**419,075**	360,389
Finance lease receivables	*18*	**1,561**	84,221
Other financial assets at FVTPL	*19*	**387,298**	1,304,546
Prepaid lease payments		**–**	1,227
Short-term bank deposits		**12,846**	141,919
Structured deposits		**408,482**	239,726
Pledged bank deposits		**19,936**	601
Cash and cash equivalents		**1,463,952**	1,538,713
		3,672,899	4,630,926

	NOTES	2019 HK$'000 (unaudited)	2018 HK$'000 (audited)
Current liabilities			
Trade payables, deposits received and accrued charges	*20*	**453,357**	501,388
Contract liabilities		**10,719**	10,865
Taxation payable		**707,977**	710,667
Borrowings	*21*	**112,167**	341,205
Lease liabilities		**8,895**	–
		1,293,115	1,564,125
Net current assets		**2,379,784**	3,066,801
Total assets less current liabilities		**9,423,812**	9,798,307
Non-current liabilities			
Borrowings	*21*	**685,419**	685,599
Lease liabilities		**11,286**	–
Deferred tax liabilities		**841,148**	825,060
		1,537,853	1,510,659
Net assets		**7,885,959**	8,287,648
Capital and reserves			
Share capital		**354,111**	354,111
Reserves		**6,228,862**	6,589,900
Equity attributable to owners of the Company		**6,582,973**	6,944,011
Non-controlling interests		**1,302,986**	1,343,637
Total equity		**7,885,959**	8,287,648

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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 substantial shareholder of the Company is Asia Pacific Promotion Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Ou Yaping, a non-executive director of the Company.

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

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

2.1 HKFRS 16 "Leases"

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

Definition of a lease

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

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

As a lessee

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

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

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

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

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

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

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

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

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

As a lessor

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

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

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

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

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

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

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

Impact on the consolidated statement of financial position

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

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

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

Impact on the consolidated statement of cash flows

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

Note:

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

New and amendments to HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after 1 January 2020

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

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

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

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

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

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

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

The New Framework:

- reintroduces the terms stewardship and prudence;

- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;

- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;

- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and

- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

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

3. REVENUE AND SEGMENT INFORMATION

(A) Revenue

(i) Disaggregation of revenue from contracts with customers

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

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

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

For the year ended 31 December 2019 (unaudited)

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

For the year ended 31 December 2018 (audited)

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

(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.

(B) Segment information

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

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

For the year ended 31 December 2019 (unaudited)

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

For the year ended 31 December 2018 (audited)

	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)
Finance costs							(25,165)
Loss before taxation							(137,209)

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

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

4. OTHER INCOME

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

5. OTHER GAINS AND LOSSES

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

Notes:

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

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

6. FINANCE COSTS

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

7. LOSS BEFORE TAXATION

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

8. TAXATION

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

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

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

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

9. DIVIDENDS

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

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

10. LOSS PER SHARE

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

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

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

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

11. INVESTMENT PROPERTIES

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

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

12. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES

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

ZhongAn Technologies International Group Limited ("ZhongAn International")

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

Furthermore, the Group agreed to invest RMB620 million in consideration for redeemable preference shares of ZhongAn International ("Redeemable Preference Shares"). The Group subscribed Redeemable Preference Shares as at 31 December 2019 and 2018. As the rights and obligations of the ownership over Redeemable Preference Shares is different from the ownership of ordinary shares of ZhongAn International, the Group's investment in Redeemable Preference Shares is accounted for in accordance with HKFRS 9 and measured at FVTPL. Details of the Redeemable Preference Shares are disclosed in note 19.

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

During the year ended 31 December 2019, the Group has further subscribed 392,000,000 new ordinary shares of ZhongAn International at RMB384,314,000 in cash. The shareholding on ZhongAn International remains at 49%.

13. EQUITY INSTRUMENTS AT FVTOCI

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

Notes:

(i) The Group held domestic shares of ZhongAn Online P&C Insurance Co., Ltd. ("ZhongAn Online"). The marketability of domestic shares is different from ZhongAn Online H Shares. The fair value of investment in Zhong An Online at 31 December 2019 and 31 December 2018 has been arrived at on the basis of a valuation carried out by independent professional valuers not connected with the Group.

(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.

14. LOAN RECEIVABLE FROM ASSOCIATES

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

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

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

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

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

15. STOCK OF PROPERTIES

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Properties under development	**866,726**	867,991

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

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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

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

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

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

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Aged:		
0 to 30 days	**–**	–
Over 180 days	**–**	28,115
Over 360 days	**4,755**	–
	4,755	28,115

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

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

17. LOANS RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Factoring loans receivables with recourse *(note (i))*	**113,406**	240,534
Designated loan receivable through a trust *(note (ii))*	**–**	114,155
Other loans receivables *(note (iii))*	**308,437**	9,132
	421,843	363,821
Less: allowance for credit loss	**(2,768)**	(1,941)
Total	**419,075**	361,880

For the purpose of financial reporting, the loans receivables analysed as follows:

Non-current	**–**	1,491
Current	**419,075**	360,389
Total	**419,075**	361,880

Notes:

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

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

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

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

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

Transfers of financial assets

The followings were the loans receivables as at 31 December 2018 that were transferred to financial institutions by factoring loans receivables on a full recourse basis. As the Group has retained substantially all the risks and rewards of ownership of these loans receivables, it continues to recognise the full carrying amount of the loans receivables and has recognised the cash received on the transfer as secured factoring loan (see note 21). These financial assets are carried at amortised cost in consolidated statement of financial position.

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

18. FINANCE LEASE RECEIVABLES

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

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

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

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

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

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

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

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

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

As at 31 December 2018, the directors of the Company do not consider finance lease receivables of HK$143,836,000 from a lessee, which has past due finance lease receivables during the year, as in default in view of the financial position of the guarantors of this debtor and the settlement history according to the new repayment schedule after re-negotiation from the debtor and the guarantors of this debtor.

As at 31 December 2019, the directors of the Company do not consider finance lease receivables of HK$1,629,000 from a leasee, which has past due finance lease receivables during the year, as in default in view of the settlement history of the lessee.

19. OTHER FINANCIAL ASSETS AT FVTPL

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Other financial assets at FVTPL		
– Equity securities listed in the overseas	**8,833**	–
– Equity securities listed in Hong Kong	**15,035**	17,696
– Equity securities listed in the PRC	**43,152**	66,372
– Investments in Redeemable Preference Shares *(note i)*	**581,489**	600,000
– Investments in redeemable convertible preference shares of an entity *(note ii)*	**111,607**	113,482
– Senior notes listed in Hong Kong	**14,352**	–
– Senior notes listed overseas	**33,647**	13,892
– Coupon notes linked with listed equity securities	**53,129**	57,142
– Unlisted fund investments in the PRC	**97,316**	373,289
– Unlisted fund investments overseas	**121,834**	62,673
	1,080,394	1,304,546
Non-current	**693,096**	–
Current	**387,298**	1,304,546
	1,080,394	1,304,546

Notes:

(i) The Group has subscribed Redeemable Preference Shares of RMB480,000,000 (2018: RMB526,451,000) as at 31 December 2019. ZhongAn International have the right to redeem from the Group all or any portion of Redeemable Preference Shares within 5 years from the date of the issuance of Redeemable Preference Shares (which term shall be renewed automatically every 5 years, subject to any veto by any of the Group or ZhongAn Technology Services) at the principal amount of the Redeemable Preference Shares being redeemed plus simple rate of 5.5% per annum on the amount redeemed calculated from the date of the relevant contribution by the Group on pro-rata basis. The Group did not have any voting rights from Redeemable Preference Shares and did not have any right to receive dividend from ZhongAn International. In the event of liquidation of ZhongAn International, the Group ranks in priority to other classes of shares in ZhongAn International. As the rights and obligations of the ownership over Redeemable Preference Shares is different from the ownership of ordinary shares of ZhongAn International, the Group's investment in Redeemable Preference Shares is accounted for in accordance with HKFRS 9 and measured at FVTPL.

The Group has subscribed additional Redeemable Preference Shares of HK$106,276,000 (equivalent to RMB93,549,000) during the year ended 31 December 2019. Also, ZhongAn International exercised its rights to redeem Redeemable Preference Shares of HK$159,091,000 (equivalent to RMB140,000,000) during the same year. Subsequent to the end of the reporting period, ZhongAn International exercises its rights to redeem all remaining Redeemable Preference Shares of the Group. Upon the redemption, the Group will have no further investments in Redeemable Preference Shares.

(ii) During the year ended 31 December 2018, the Group subscribed a redeemable convertible preference shares in MMT E Buy (Cayman) Corporation ("MMT E Buy") with a cash consideration of HK$113,482,000. As the rights and obligations of the ownership over this redeemable convertible preference shares are substantially different from the ownership of ordinary shares of the MMT E Buy, the Group's investment in this redeemable convertible preference shares is accounted for in accordance with HKFRS 9 and measured at FVTPL.

20. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables	**35,054**	39,807
Other payables for construction work	**188,204**	206,429
Deposits received for rental	**29,802**	38,151
Advance lease payments	**22,929**	16,471
Deposits received for management fee	**53,384**	40,893
Deposits received from customers of loans receivables	**–**	12,166
Other tax payables	**17,506**	20,945
Salaries payable and staff welfare payables	**58,677**	51,592
Other payables and accrued charges	**47,801**	74,934
	453,357	501,388

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

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Aged:		
0 to 90 days	**5,288**	5,808
91 to 180 days	**3,030**	1,529
181 to 360 days	**154**	125
Over 360 days	**26,582**	32,345
	35,054	39,807

As at year end, the Group has outstanding payables in relation to acquisition and/or construction of property, plant and equipment, investment properties and stock of properties amounting to HK$47,409,000 (2018: HK$51,465,000), HK$10,509,000 (2018: HK$16,780,000) and HK$130,286,000 (2018: HK$138,184,000) respectively which are included in other payables for construction work respectively.

Deposits received for rental and advance lease payments were adjusted upon the initial application of HKFRS 16.

21. BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Bank borrowings – secured	**797,586**	786,771
Bank borrowings – unsecured	**–**	22,831
Other borrowings – unsecured	**–**	1,140
Factoring loans – secured	**–**	216,062
	797,586	1,026,804
Carrying amounts repayable based on a schedule repayment term:		
Within one year	**112,167**	125,143
More than one year but not exceeding two years	**685,167**	171
More than two years but not exceeding five years	**252**	685,428
	797,586	810,742
Carrying amounts of factoring loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**–**	216,062
	797,586	1,026,804
Less: Amount classified as current liabilities	**(112,167)**	(341,205)
Amount due after one year and classified as non-current liabilities	**685,419**	685,599

At 31 December 2019, bank borrowings of HK$112,586,000 (2018: HK$101,000,000) carried at fixed interest rate. At 31 December 2019, bank borrowings of HK$685,000,000 (2018: HK$708,602,000) carried interest at benchmark interest rate as stipulated by the People's Bank of China or Hong Kong Interbank Offered Rate plus or minus a certain percentage. As at 31 December 2018, the unsecured bank borrowings were also guaranteed by Shenzhen Mangrove West Coast Property Development Co., Ltd. ("SMWC"), one of the subsidiaries of the Group.

The other borrowings of RMB1,000,000 (equivalent to HK$1,140,000) as at 31 December 2018 represent unsecured borrowing from a non-bank financial institution in the PRC carrying interest at 6.5% per annum and repayable within one year.

The Group's factoring loans as at 31 December 2018 represented the loans receivables of the Group discounting to financial institutions of the PRC on a full recourse basis with fixed interest rate.

The interest rates as at the end of the reporting period for the loans range from 2.68% to 5.90% (2018: 3.25% to 6.96%) per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

PROPERTY RENTAL

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

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

Sinolink Tower

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

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

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

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

PROPERTIES UNDER DEVELOPMENT

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

1. Rockbund

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

2. Ningguo Mansions

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

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

ASSET FINANCING

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

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

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

* *for identification purpose only*

OTHER BUSINESSES

Other businesses within the Group include property, facility and project management services. For the year ended 31 December 2019, the Group recorded a turnover of HK$200.8 million from other businesses, representing a year-over-year increase of 4%.

MAJOR ASSOCIATE – ROCKEFELLER GROUP ASIA PACIFIC, INC.

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

LOAN RECEIVABLE FROM ASSOCIATES

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

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

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

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

SIGNIFICANT INVESTMENTS

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

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

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

JOINT VENTURE – ZHONGAN INTERNATIONAL

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

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

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

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

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

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

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

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

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

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

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

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

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

PROSPECTS

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

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

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

FINANCIAL REVIEW

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

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

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

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

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

CAPITAL COMMITMENTS

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

* *for identification purpose only*

CONTINGENT LIABILITIES

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

EVENTS AFTER THE REPORTING PERIOD

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

FINAL DIVIDEND

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

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

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. Mr. XIANG Ya Bo was appointed as the Chairman of the Board on 28 June 2017. Since then, Mr. XIANG Ya Bo has undertaken both the roles of the Chairman of the Board and the Chief Executive Officer of the Group. Having considered the current business operation and the size of the Group, the Board is of the view that Mr. XIANG Ya Bo acting as both the Chairman of the Board and also as the Chief Executive Officer of the Group is acceptable and in the best interest of the Group. The Board will review this situation periodically.

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 2019, 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.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to the epidemic prevention measures implemented by local governments in the PRC to combat the COVID-19 coronavirus outbreak. The unaudited annual results contained herein have not been agreed with the Company's auditors as required under Rule 13.49(2) of the Listing Rules. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results of the Group for the year ended 31 December 2019 had been reviewed by the Audit Committee of the Company.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process. The Company expects the auditing process will be completed on or before 17 April 2020.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

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

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

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.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 30 March 2020

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.