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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)

ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2020

- Revenue decreased 14% to HK\$384.5 million
- Gross Profit decreased 14% to HK\$229.2 million
- Loss attributable to owners of the Company increased 43% to HK\$453.1 million
- Basic Loss Per Share increased 43% to HK12.80 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 2020.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>NOTES</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	<i>3</i>		
Interest income		22,210	29,921
Rental income		172,269	213,226
Other revenue from contracts with customers		190,023	205,761
		<hr/>	<hr/>
Total revenue		384,502	448,908
Cost of sales		(155,269)	(183,141)
		<hr/>	<hr/>
Gross profit		229,233	265,767
Other income	<i>4</i>	90,701	154,348
Selling expenses		(4,893)	(4,546)
Administrative expenses		(110,983)	(127,185)
Other gains and losses	<i>5</i>	(19,666)	(14,003)
(Decrease) increase in fair value of investment properties	<i>11</i>	(25,872)	4,545
Fair value gain on other financial assets at fair value through profit or loss (“FVTPL”) and derivative financial instruments		71,493	30,202
Fair value loss on loan receivable from associates and amounts due from associates	<i>14</i>	(314,454)	(203,000)
Share of results of associates		(243,220)	(281,349)
Finance costs	<i>6</i>	(31,576)	(34,778)
		<hr/>	<hr/>
Loss before taxation	<i>7</i>	(359,237)	(209,999)
Taxation	<i>8</i>	(62,880)	(69,188)
		<hr/>	<hr/>
Loss for the year		(422,117)	(279,187)
		<hr/>	<hr/>
Attributable to:			
Owners of the Company		(453,114)	(316,575)
Non-controlling interests		30,997	37,388
		<hr/>	<hr/>
		(422,117)	(279,187)
		<hr/>	<hr/>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	<i>10</i>		
Basic		(12.80)	(8.94)
		<hr/>	<hr/>
Diluted		(12.80)	(8.94)
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	<i>NOTES</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		281,267	300,419
Investment properties	<i>11</i>	2,739,311	2,599,888
Amounts due from associates	<i>14</i>	26,289	—
Interests in associates	<i>12</i>	840,956	401,946
Equity instruments at FVTOCI	<i>13</i>	2,528,880	1,994,592
Other financial assets at FVTPL	<i>19</i>	88,406	693,096
Other receivables		158,399	158,399
Loans receivables	<i>17</i>	268,779	—
Loan receivable from associates	<i>14</i>	7,311	78,703
Finance lease receivables	<i>18</i>	767	416
Deferred tax assets		6,870	3,191
Bank deposits		124,449	54,449
Pledged bank deposits		—	758,929
		7,071,684	7,044,028
Current assets			
Stock of properties	<i>15</i>	935,818	866,726
Trade and other receivables, deposits and prepayments	<i>16</i>	122,310	93,023
Loans receivables	<i>17</i>	121,601	419,075
Finance lease receivables	<i>18</i>	2,984	1,561
Other financial assets at FVTPL	<i>19</i>	355,647	387,298
Bank deposits		89,911	12,846
Structured deposits		427,553	408,482
Pledged bank deposits		846,038	19,936
Cash and cash equivalents		1,275,637	1,463,952
		4,177,499	3,672,899

	<i>NOTES</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current liabilities			
Trade payables, deposits received and accrued charges	20	468,915	453,357
Contract liabilities		10,242	10,719
Taxation payable		775,242	707,977
Borrowings	21	753,135	112,167
Lease liabilities		9,358	8,895
		2,016,892	1,293,115
Net current assets		2,160,607	2,379,784
Total assets less current liabilities		9,232,291	9,423,812
Non-current liabilities			
Borrowings	21	—	685,419
Lease liabilities		2,391	11,286
Deferred tax liabilities		999,523	841,148
		1,001,914	1,537,853
Net assets		8,230,377	7,885,959
Capital and reserves			
Share capital		354,111	354,111
Reserves		6,400,424	6,228,862
Equity attributable to owners of the Company		6,754,535	6,582,973
Non-controlling interests		1,475,842	1,302,986
Total equity		8,230,377	7,885,959

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Sinolink Worldwide Holdings Limited (“the Company”) is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The ultimate and immediate holding company is Asia Pacific Promotion Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Ou Yaping, a non-executive director of the Company.

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

Except as described below, the application of the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

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

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

⁵ Effective for annual periods beginning on or after 1 January 2021

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

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:

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

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

For the year ended 31 December 2020

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

For the year ended 31 December 2019

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

(ii) Performance obligations for contracts with customers

Property management fee income/hotel operation income

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

Service income from finance leasing and loan financing services

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

(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 2020

	Property development <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Financing services <i>HK\$'000</i>	Total for reportable segments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE							
External sales	<u>—</u>	<u>120,224</u>	<u>172,269</u>	<u>29,488</u>	<u>321,981</u>	<u>62,521</u>	<u>384,502</u>
RESULT							
Segment results	<u>(953)</u>	<u>8,531</u>	<u>128,262</u>	<u>4,203</u>	<u>140,043</u>	<u>(21,687)</u>	118,356
Other income							90,701
Unallocated corporate expenses							(48,487)
Unallocated other gains and losses							(2,050)
Fair value gain on other financial assets at FVTPL and derivative financial instruments							71,493
Fair value loss on loan receivable from associates and amounts due from associates							(314,454)
Share of results of associates							(243,220)
Finance costs							<u>(31,576)</u>
Loss before taxation							<u>(359,237)</u>

For the year ended 31 December 2019

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

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

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

4. OTHER INCOME

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

5. OTHER GAINS AND LOSSES

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

6. FINANCE COSTS

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

7. LOSS BEFORE TAXATION

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

8. TAXATION

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

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

Taxation for subsidiaries of the Group, which were established and principally operated in the Shenzhen Special Economic Zone, is calculated at the rate of 25% of their assessable profits for the year ended 31 December 2020 (2019: 25%) according to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

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 2020 (2019: 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(453,114)</u>	<u>(316,575)</u>
	Number of shares	
	2020	2019
Number of shares for the purpose of basic and diluted loss per share	<u>3,541,112,832</u>	<u>3,541,112,832</u>

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of shares for both 2020 and 2019.

11. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
FAIR VALUE	
At 1 January 2019	2,654,600
Exchange realignment	(59,257)
Increase in fair value of investment properties	<u>4,545</u>
At 31 December 2019	2,599,888
Exchange realignment	165,295
Decrease in fair value of investment properties	<u>(25,872)</u>
At 31 December 2020	<u>2,739,311</u>
Unrealised (loss) gain on property revaluation included in profit or loss:	
For the year ended 31 December 2020	<u>(25,872)</u>
For the year ended 31 December 2019	<u>4,545</u>

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

12. INTERESTS IN ASSOCIATES

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

ZhongAn International Group Limited (“ZhongAn International”)

During the year ended 31 December 2017, the Group has entered into another joint venture formation agreement (the “2nd JV Agreement”) with ZhongAn Technology Services Co., Ltd. (“ZhongAn Technology Services”). The Group and ZhongAn Technology Services agreed that the Group contributed RMB60,000,000 to ZhongAn International in cash for 49% equity interest of ZhongAn International. Pursuant to the 2nd JV Agreement, the Group has the right to appoint one out of the three directors of ZhongAn International. The relevant activities of ZhongAn International are controlled by the board of directors of ZhongAn International and the decisions of the board of directors of ZhongAn International are made through the majority vote in the meetings of board of directors. Accordingly, the Group is able to exercise significant influence over ZhongAn International.

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

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

13. EQUITY INSTRUMENTS AT FVTOCI

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

Note: As at 31 December 2019, the Group owned domestic shares of ZhongAn Online P&C Insurance Co., Ltd. (“ZhongAn Online”), which is different from ZhongAn Online H Shares. During the year ended 31 December 2020, these domestic shares owned by the Group has been converted into ZhongAn Online H Shares and is subject to lock-up mechanisms. The marketability of domestic shares and ZhongAn Online H Shares with lock-up period are different from publicly traded ZhongAn Online H Shares. The fair value of investment in ZhongAn Online at 31 December 2020 and 2019 has been arrived at on the basis of a valuation carried out by independent professional valuers not connected with the Group.

During the year ended 31 December 2020, the Group purchased credit insurance over certain of the loans receivables and finance lease receivables (as disclosed in notes 17 and 18) through ZhongAn Online for an insurance premium of HK\$48,000 (2019: HK\$341,000) as part of the credit management over financing services operation of the Group.

14. LOAN RECEIVABLE FROM ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES

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

RGAP is principally engaged in property development and property investment in Shanghai. The amount represents a shareholder's loan receivable from RGAP for financing a property development and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. As the loan receivable was considered as a net investment, the Group has recognised its share of loss of RGAP in excess of the cost of investment against the loan receivable. The loan receivable is unsecured and has no fixed repayment terms.

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

Loan receivable from associates as well as the amounts due from associates as stated in note 17 represent an investment in the project of RGAP. In accordance with the investment agreement, the Group and the other shareholder contributed minimal amount of capital and substantially all portion of the associates' capital expenditures/operations were funded through loan receivable from associates and amounts due from associates by the Group and a detailed analysis of the particular facts and circumstances at the date of origination of the advances led to the conclusion that the contractual cash flows of the advances did not represent purely a return on time value of money and credit risk. Hence, loan receivable from associates as well as the amounts due from associates are both measured at FVTPL. The directors of the Company assessed the fair value of the loan receivable from associates and amounts due from associates by taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate. During the year, RGAP has delayed the selling plan of its property project based on market situation. As such, the Group has revised its estimates as to when the amounts due from associates and loan receivable from associates can be received. The directors of the Company consider that the loan receivable will not be repayable within one year from the end of the reporting period, it is classified as non-current asset accordingly.

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

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

15. STOCK OF PROPERTIES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Properties under development	<u>935,818</u>	<u>866,726</u>

As at 31 December 2020, properties under development of HK\$935,818,000 (2019: HK\$866,726,000) represent the carrying amount of the properties expected to be completed more than one year from the end of the reporting period upon the Group's revision on the selling strategy over the properties under development during the year.

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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:

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

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Aged:		
Over 360 days	<u>—</u>	<u>4,755</u>

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

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

Management of the Group considers that the ECL for trade receivables is insignificant as the debtors have good settlement history, except for a debtor from financial services with gross carrying amount of HK\$13,714,000 (2019: HK\$12,887,000) as at 31 December 2020.

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

17. LOANS RECEIVABLES

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

Notes:

- (i) The Group provides loan factoring services to independent third parties, in terms of which the independent third parties factor to the Group a portfolio of loans or receivables originated by them to the underlying customers. According to the factoring agreements signed between the independent third parties and the Group, the legal title of the receivables of the underlying customers were transferred to the Group and the independent third parties are responsible for the management of the underlying customer receivables, including the collection of receivables from the underlying customers. Also, such receivable is guaranteed by the independent third parties and repayable by instalment based on the terms of the factoring agreement. In the event of default of repayment by the underlying customers, the Group has the right to request independent third parties to repurchase the outstanding receivables of the underlying customers plus accrued interest. The independent third parties are obliged to repay to the Group within 5 days upon their collection of money from the underlying customers, and the Group expects to realise such amounts by collecting the repayments from the independent third parties. The effective interest rates of the factoring loans receivables is 5.5% (2019: range from 5.7% to 7.6%) per annum as at 31 December 2020. The management of the Group reviews and assesses for impairment loans receivables originated by them individually and continues to monitor any significant changes.

As at 31 December 2020 and 2019, none of factoring loans receivables is past due or credit-impaired. As at 31 December 2020 and 2019, none of factoring loans receivables were insured and covered by ZhongAn Online.

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

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

18. FINANCE LEASE RECEIVABLES

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

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

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The effective interest rates of the finance leases as at 31 December 2020 range from 5.5% to 10.0% (2019: 9.2% to 12.8%) per annum.

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

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

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

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

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

The finance lease receivables of HK\$3,751,000(2019: HK\$572,000) at 31 December 2020 are neither past due nor impaired.

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

19. OTHER FINANCIAL ASSETS AT FVTPL

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

Notes:

- (i) During the year ended 31 December 2020, ZhongAn International exercise its rights to redeem all remaining Redeemable Preference Shares of the Group at consideration of RMB511,894,000 (approximately of HK\$578,025,000). The Group has no investments in Redeemable Preference Shares as at 31 December 2020.
- (ii) In previous years, the Group subscribed a redeemable convertible preference shares in MMT E Buy with a cash consideration of HK\$113,482,000. As the rights and obligations of the ownership over this redeemable convertible preference shares are substantially different from the ownership of ordinary shares of the MMT E Buy, the Group's investment in this redeemable convertible preference shares is accounted for in accordance with HKFRS 9 and measured at FVTPL.

During the year ended 31 December 2020, the Group disposed half of the subscribed redeemable convertible preference shares in MMT E Buy to the controlling shareholder of MMT E Buy at a consideration of HK\$63,197,000. The Group has also entered into a borrowing agreement with the controlling shareholder of MMT E Buy for RMB57,370,000. The Group would transfer the remaining redeemable convertible preference shares as repayment when the agreement matures within one year. Details of the other borrowing are stated in note 21. As the management of the Group expected that this investment will be disposed within 12 months from the end of the reporting period and thus this investment is reclassified from non-current assets to current assets as at 31 December 2020.

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

20. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

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

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

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

As at year end, the Group has outstanding payables in relation to acquisition and/or construction of property, plant and equipment, investment properties and stock of properties amounting to HK\$47,400,000 (2019: HK\$47,409,000), HK\$11,183,000 (2019: HK\$10,509,000) and HK\$135,856,000 (2019: HK\$130,286,000) respectively which are included in other payables for construction work respectively.

21. BORROWINGS

	2020 HK\$'000	2019 HK\$'000	
Bank borrowings - secured	685,000	797,586	
Other borrowings - unsecured	68,135	—	
	<u>753,135</u>	<u>797,586</u>	
	Other borrowings 2020 HK\$'000	Bank borrowings 2020 HK\$'000	2019 HK\$'000
Carrying amounts repayable based on a schedule repayment term:			
Within one year	68,135	685,000	112,167
More than one year but not exceeding two years	—	—	685,167
More than two years but not exceeding five years	—	—	252
	<u>68,135</u>	<u>685,000</u>	<u>797,586</u>
Less: Amount classified as current liabilities	<u>(68,135)</u>	<u>(685,000)</u>	<u>(112,167)</u>
Amount due after one year and classified as non-current liabilities	<u>—</u>	<u>—</u>	<u>685,419</u>

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

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

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

22. EVENTS AFTER THE REPORTING PERIOD

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

PROPERTY RENTAL

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

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

Sinolink Tower

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

As at 31 December 2020, the occupancy rate of the office portion of Sinolink Tower was approximately 70%. Tenants are mainly engaged in jewelry, investment and real estate business.

O Hotel, the Group's first hotel that is dedicated to delivering customized experience, has 188 rooms and suites, a stylish restaurant, a specialty coffee shop, a premium fitness club and other facilities. During the year, the hotel continued to operate in a challenging business environment. Due to the outbreak of the COVID-19 epidemic and the implementation of the epidemic prevention and control policies, O Hotel, as a proprietary brand of unique hotel, experienced a substantial decline in occupancy rate during the first half of the year. The management has adopted measures for more stringent cost control and better services, so as to improve the overall performance of the hotel.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2020, the Group has the following properties under development:

1. Rockbund

Located at the Bund in Shanghai, Rockbund is an integrated property project jointly developed by the Group and The Rockefeller Group International, Inc. The project, comprising preserved heritage buildings and some new structures, has a total site area of 18,000 square meters with a GFA of 94,080 square meters. The Group intends to redevelop the historical site and structures into an upscale mixed-use neighborhood with residential, commercial, retail, food and beverages, offices and cultural facilities. The preserved heritage buildings have commenced operation with a portion already leased out. Capital works of the new building structures had been completed with structural works well under way. In coordination with the epidemic prevention and control policies by the local government against the COVID-19 outbreak, the construction work of Rockbund was suspended for nearly two months in the first half of the year. The entire project is expected to commence operation upon completion of the construction in 2022.

2. Ningguo Mansions

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

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

ASSET FINANCING

眾聯融資租賃 (上海) 有限公司 (Zhong Lian Financial Leasing (Shanghai) Co., Ltd.*), 眾安國際融資租賃 (天津) 有限公司 (Zhong An International Financial Leasing Co., Ltd.*) and 眾安國際商業保理 (天津) 有限公司 (Zhong An International Commercial Factoring Co., Ltd.*), the wholly-owned subsidiaries of the Group, are principally engaged in provision of efficient financial leasing solutions and multiple consultancy services, so as to satisfy technology and new economy companies' demands for financial services at different stages of development.

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

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

OTHER BUSINESSES

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

* For identification purpose only

JOINT VENTURE – ZHONGAN TECHNOLOGIES INTERNATIONAL GROUP LIMITED

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 P & C Insurance Co., Ltd. (“ZhongAn Online”) (stock code: 6060), pursuant to which the Company and ZhongAn Technology agreed to jointly invest in ZhongAn Technologies International Group Limited (“ZhongAn International”) to enable the Company to partner with ZhongAn Technology to explore international business development, collaboration and investment opportunities in the areas of Fintech and Insurtech in overseas markets. Pursuant to the Joint Venture Agreement, the Company and ZhongAn Technology owns 49% and 51% of the voting interests in ZhongAn International, respectively.

During the year ended 31 December 2019, the Group completed the additional capital contribution of RMB620,000,000 in consideration of Redeemable Preference Shares. In October 2019, ZhongAn International redeemed parts of RMB140,000,000 Redeemable Preference Shares from the Group. As of 31 December 2019, the Group holds 480,000,000 Redeemable Preference Shares of ZhongAn International in cash consideration of RMB480,000,000 (equivalent to HK\$546,700,000). As at 31 December 2019, the fair value of these Redeemable Preference Shares was HK\$581,489,000. During the year ended 31 December 2020, ZhongAn International exercises its rights to redeem all remaining Redeemable Preference Shares from the Group at consideration of RMB511,894,000 (approximately of HK\$578,025,000). The Group has no investments in Redeemable Preference Shares as at 31 December 2020.

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

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

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

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

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

ZhongAn International has actively engaged in Fintech and innovation in Hong Kong and has become one of the successful applicants to receive the first batch of virtual banking license in Hong Kong in 2019. On 18 December 2019, as the first virtual bank in Hong Kong, ZA Bank Limited ("ZA Bank"), which is wholly owned by ZhongAn International, announced the launch of its pilot trial to offer a brand new experience of its services to the selected users in Hong Kong before full business launch to the general public. The pilot will be conducted under the Fintech Supervisory Sandbox of Hong Kong Monetary Authority ("HKMA").

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

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

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

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

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

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

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

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

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

MAJOR ASSOCIATE – ROCKEFELLER GROUP ASIA PACIFIC, INC.

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

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

As stated in the announcement of the Company dated 20 December 2019, the Group entered into the limited partnership agreement with 5 other partners and the manager in respect of, among other matters, the establishment of an investment fund 南京寬平晟諾醫藥投資合夥企業(有限合夥) (Nanjing Kuan Ping Cheng Nuo Yiyao Investment Limited Partner*), a limited partnership established under the laws of PRC and the subscription of interests therein. Pursuant to the Limited Partnership Agreement, the total capital commitment to the Investment Fund is RMB708,000,000 (equivalent to approximately HK\$789,000,000) of which RMB150,000,000 (equivalent to approximately HK\$167,000,000) is to be contributed by the Group to engage in investments (mainly in the healthcare sector primarily focusing on biotechnology, pharmaceutical, medical device, healthcare services and digital medics, etc.) in accordance with the terms of the Limited Partnership Agreement in order to achieve investment returns for the Partners. Details of the Limited Partnership Agreement are set out in the announcement of the Company dated 20 December 2019, capitalized terms used in this section will have the same meanings as those defined in the aforesaid announcement. For the year ended 31 December 2020, the Group invested RMB75,000,000 (approximately HK\$82,147,000) in this investment fund.

LOAN RECEIVABLE FROM ASSOCIATES

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

* *For identification purpose only*

Upon the application of HKFRS 9 as at 1 January 2018, loan receivable from associates as well as the amounts due from associates represent an investment in the project of RGAP and hence the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding, loan receivable from associates as well as the amounts due from associates are both measured at fair value through profit or loss. The directors of the Company assessed the fair value of the loan receivable from associates and amounts due from associates by taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate.

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

SIGNIFICANT INVESTMENTS

As at 31 December 2020, total equity instruments at fair value through other comprehensive income amounted to HK\$2,528.9 million (31 December 2019: HK\$1,994.6 million), mainly representing that of ZhongAn Online owned by the Group of approximately HK\$2,334.6 million (31 December 2019: HK\$1,884.9 million), which was measured at fair value at the end of this reporting period. As at 31 December 2020, the fair value of ZhongAn Online represented 21% of the Group's total assets. The Group owns approximately 5.51% of the total issued share capital of ZhongAn Online, of which the original cost is approximately HK\$92 million).

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

PROSPECTS

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

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

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

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

As the first Internet-based Insuretech company in China, ZhongAn Online upheld the mission of “empowering the finance business with technologies and providing insurance services with a caring hand”. ZhongAn Online embraced the two-winged growth strategy of “Insurance + Technology”, and adhered to integrating technologies into the whole insurance value chain. By empowering the insurance value chain with technologies and adopting an ecosystem-oriented approach (i.e. the “B2B2C” model), ZhongAn Online empowered the platforms operated by its ecosystem partners through its technology strengths via focusing on the Internet life from the customer end, in order to meet the diversified protection demands of customers and create value for them. Meanwhile, ZhongAn Online proved and upgraded its technology strength in the operation of its insurance business, and ZhongAn Online aims to enable the Internet insurance industry chain to export Insuretech and to facilitate the digital transformation of industry players across the world. We believe ZhongAn Online will continue to improve the development of its existing five major ecosystems, including health, consumer finance, auto, lifestyle consumption and travel, and apply leading technologies in its insurance business, so as to consolidate its leading position in the online Insurtech sector.

EVENTS AFTER THE REPORTING PERIOD – RIGHTS ISSUE

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

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

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

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

- (b) approximately 75% will be used for further investment into the Fintech business of the Group. In view of the expansion plan of the Company's Fintech business, the Directors consider that more funding will be required in the future; and
- (c) approximately 10% will be used for general working capital.

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

PROSPECTS

Looking forward to 2021, the PRC economy is expected to grow at a notably faster rate of 9%, with a possible tapering of growth towards the end of year. The impact of the COVID-19 pandemic on economy is like digging a pit which will be gradually filled up in 2021. That is to say, both the supply and demand will recover notably, while the economic growth will also become much faster. Due to the low-base in 2020, the PRC will see a tapering of economic growth from quarter to quarter in 2021. The economic growth is expected to reach as high as a double-digit in the first quarter, which will gradually fall back starting from the second quarter and return to a normal level in the further quarter. The full-year growth is expected to be around 9%, making the two-year average growth of 2020 and 2021 at about 5.6%. In addition, the PRC will see a continuous improvement in its overall economic structure, with consumption's contribution to economic growth expected to reach over 60% and investment's contribution to economic growth expected to decrease. In light of this macroeconomic trend, the Group will continue to pay close attention to economic changes and make corresponding adjustments in its development and operation strategy.

Of all the industries, we consider that the Fintech industry has the greatest development potential. Fintech has experienced rapid development over the past several years, and this technology is continuously being applied to various financial service scenarios, which not only increases the efficiency of the financial service industry, but also provides the general public with more products and service options. In particular, amidst the outbreak of the COVID-19 pandemic at the beginning of the year, technology helped to change and improve our lifestyle by providing faster and more convenient services and experiences. We witnessed rapid improvement in the potential and room for development in technology, which in turn offers more opportunities and greater value.

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

FINANCIAL REVIEW

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

At 31 December 2020, HK\$846,038,000 (31 December 2019: HK\$778,865,000) were pledged to banks to secure general banking facilities granted to the Group. At 31 December 2019, structured deposits of HK\$123,884,000 and investment properties with an aggregate carrying amount of HK\$517,817,000 were pledged to banks to secure general banking facilities granted to the Group. The borrowings of the Group are denominated in RMB and HK\$. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments have been used for hedging purposes; however, the Board will continue to evaluate and closely monitor the potential impact of RMB and interest rate fluctuation on the Group.

The Group's cash and bank balances amounted to HK\$2,763.6 million (including structured deposits, bank deposits, pledged bank deposits, and cash and cash equivalents) as at 31 December 2020, mostly denominated in RMB, HK\$ and USD.

CAPITAL COMMITMENTS

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

CONTINGENT LIABILITIES

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

FINAL DIVIDEND

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group employed approximately 691 full time employees for its principal activities. The Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2020.

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 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 2020, 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 2020 had been reviewed by the Audit Committee.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "AGM") was scheduled to be held on Friday, 28 May 2021. The notice of AGM will be published on the Company's website at www.sinolinkhk.com and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

The register of members of the Company will be closed from Tuesday, 25 May 2021 to Friday, 28 May 2021, both days inclusive, during which period no share transfer will be effected. In order to identify the entitlement for attending the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 24 May 2021.

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, 23 March 2021

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.