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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 2021

- Revenue increased 12% to HK\$432.2 million
- Gross Profit increased 17% to HK\$268.8 million
- Profit attributable to owners of the Company amounted to HK\$190.7 million
- Basic Earnings Per Share amounted to HK3.34 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 2021.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3		
Interest income		22,994	22,210
Rental income		212,359	172,269
Other revenue from contracts with customers		196,873	190,023
		<hr/>	<hr/>
Total revenue		432,226	384,502
Cost of sales		(163,410)	(155,269)
		<hr/>	<hr/>
Gross profit		268,816	229,233
Other income	4	176,722	90,701
Selling expenses		(4,578)	(4,893)
Administrative expenses		(129,932)	(110,983)
Other gains and losses	5	323,297	(19,666)
Increase (decrease) in fair value of investment properties	11	2,413	(25,872)
Fair value gain on other financial assets at fair value through profit or loss (“FVTPL”)		142,256	71,493
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL	14	(210,082)	(314,454)
Share of results of associates		(193,180)	(243,220)
Finance costs	6	(19,484)	(31,576)
		<hr/>	<hr/>
Profit (loss) before taxation	7	356,248	(359,237)
Taxation	8	(110,931)	(62,880)
		<hr/>	<hr/>
Profit (loss) for the year		<u>245,317</u>	<u>(422,117)</u>
Attributable to:			
Owners of the Company		190,711	(453,114)
Non-controlling interests		54,606	30,997
		<hr/>	<hr/>
		<u>245,317</u>	<u>(422,117)</u>
		<i>HK cents</i>	<i>HK cents</i>
			(restated)
Earnings (loss) per share	10		
Basic		<u>3.34</u>	<u>(11.07)</u>
Diluted		<u>3.34</u>	<u>(11.07)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit (loss) for the year	<u>245,317</u>	<u>(422,117)</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	253,468	480,093
Fair value (loss) gain on equity instruments at fair value through other comprehensive income (“FVTOCI”), net of tax	(413,876)	286,442
Share of fair value loss on equity instruments at FVTOCI of associates, net of tax	<u>(21,703)</u>	<u>—</u>
	<u>(182,111)</u>	<u>766,535</u>
Total comprehensive income for the year	<u><u>63,206</u></u>	<u><u>344,418</u></u>
Total comprehensive income attributable to:		
Owners of the Company	45,460	171,562
Non-controlling interests	<u>17,746</u>	<u>172,856</u>
	<u><u>63,206</u></u>	<u><u>344,418</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	<i>NOTES</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		259,612	281,267
Investment properties	<i>11</i>	2,822,127	2,739,311
Interests in associates	<i>12</i>	1,292,944	840,956
Equity instruments at FVTOCI	<i>13</i>	2,042,146	2,528,880
Amounts due from associates at FVTPL	<i>14</i>	—	26,289
Loan receivable from an associate at FVTPL	<i>14</i>	—	7,311
Loans receivables	<i>17</i>	383,822	268,779
Finance lease receivables	<i>18</i>	1	767
Other financial assets at FVTPL	<i>19</i>	1,121,063	88,406
Pledged bank deposits		930,275	—
Bank deposits		176,039	124,449
Other receivables		158,399	158,399
Deferred tax assets		3,035	6,870
		9,189,463	7,071,684
Current assets			
Stock of properties	<i>15</i>	951,774	935,818
Trade and other receivables, deposits and prepayments	<i>16</i>	53,434	122,310
Loans receivables	<i>17</i>	167,703	121,601
Finance lease receivables	<i>18</i>	4	2,984
Other financial assets at FVTPL	<i>19</i>	28,347	355,647
Structured deposits		307,036	427,553
Bank deposits		21,743	89,911
Pledged bank deposits		—	846,038
Cash and cash equivalents		1,539,354	1,275,637
		3,069,395	4,177,499

	<i>NOTES</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current liabilities			
Trade payables, deposits received and accrued charges	<i>20</i>	455,249	468,915
Contract liabilities		9,133	10,242
Taxation payable		829,123	775,242
Borrowings	<i>21</i>	955,000	753,135
Lease liabilities		2,501	9,358
		2,251,006	2,016,892
Net current assets		818,389	2,160,607
Total assets less current liabilities		10,007,852	9,232,291
Non-current liabilities			
Lease liabilities		—	2,391
Deferred tax liabilities		921,060	999,523
		921,060	1,001,914
Net assets		9,086,792	8,230,377
Capital and reserves			
Share capital	<i>22</i>	637,400	354,111
Reserves		6,955,804	6,400,424
Equity attributable to owners of the Company		7,593,204	6,754,535
Non-controlling interests		1,493,588	1,475,842
Total equity		9,086,792	8,230,377

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 (“BVI”), 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”) as the directors of the Company consider that HK\$ is the appropriate presentation currency for the convenience of the users of the consolidated financial statements.

The Company and its subsidiaries (collectively referred to as the “Group”) are increasingly focusing on financial technology (“FinTech”) investment and management, along with operating current property development, property management, property investment, and financing services business.

2. APPLICATION OF 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 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 2021 for the preparation of the consolidated financial statements:

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

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs and the agenda decision of the Committee of the International Accounting Standards Board issued in June 2021 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.

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 ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concession beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
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 April 2021

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

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Effective for annual periods beginning on or after a date to be determined

Except for the 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 HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty - that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgments or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

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 year is as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Recognised over time under HKFRS 15:		
– Property management fee income	134,236	120,224
– Other service income	62,637	62,521
Recognised at a point in time under HKFRS 15:		
– Service income from financing services business	—	7,278
	<hr/>	<hr/>
Recognised under HKFRS 15	196,873	190,023
Recognised under other HKFRSs:		
– Rental income	212,359	172,269
– Interest income from financing services business	22,994	22,210
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	432,226	384,502
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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 2021

	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	134,236	—	—	—	134,236
Others	—	—	—	62,637	62,637
Revenue from contracts with customers	134,236	—	—	62,637	196,873
Rental income	—	212,359	—	—	212,359
Interest income from financing services business	—	—	22,994	—	22,994
Total revenue	134,236	212,359	22,994	62,637	432,226

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
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

(ii) Performance obligations for contracts with customers

Property management fee 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 (2020: twelve years)) and thus these income are recognised over time.

Service income from financing services business

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 financing services business 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, loan financing services and other financing service (“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. Other than aforesaid reportable and operating segments, the management of the Group has aggregated operations generating other service income as “others”.

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

For the year ended 31 December 2021

	Property development	Property management	Property investment	Financing services	Total for reportable segments	Others	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE							
External sales	<u>—</u>	<u>134,236</u>	<u>212,359</u>	<u>22,994</u>	<u>369,589</u>	<u>62,637</u>	<u>432,226</u>
RESULT							
Segment results	<u>(1,156)</u>	<u>5,919</u>	<u>179,729</u>	<u>34,922</u>	<u>219,414</u>	<u>(9,111)</u>	210,303
Other income							176,722
Unallocated corporate expenses							(51,532)
Unallocated other gains and losses							301,245
Fair value gain on other financial assets at FVTPL							142,256
Fair value loss on loan receivable from associates at FVTPL and amounts due from associates at FVTPL							(210,082)
Share of results of associates							(193,180)
Finance costs							<u>(19,484)</u>
Profit before taxation							<u>356,248</u>

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							71,493
Fair value loss on loan receivable from associates at FVTPL and amounts due from associates at FVTPL							(314,454)
Share of results of associates							(243,220)
Finance costs							<u>(31,576)</u>
Loss before taxation							<u>(359,237)</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 other financial assets at FVTPL, loan receivable from an associate at FVTPL and amounts due from associates at FVTPL and finance costs.

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends from financial assets at FVTOCI	—	750
Dividends from financial assets at FVTPL	92,818	1,145
Interest income from bank deposits	74,524	70,450
Interest income on other financial assets at FVTPL	4,993	14,105
Others	4,387	4,251
	<u>176,722</u>	<u>90,701</u>

5. OTHER GAINS AND LOSSES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss on disposal of property, plant and equipment, net	—	(1,983)
Net exchange gains (losses)	182	(4,039)
Net reversal of impairment losses (impairment losses) under expected credit loss (“ECL”) model		
– loans receivables	2,743	(9,676)
– finance lease receivables	81	(1,164)
– trade receivables	11,132	(4,793)
Gain on disposal of a subsidiary	—	1,989
Gain on dilution of interests in an associate (Note 12)	309,159	—
	<u>323,297</u>	<u>(19,666)</u>

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on borrowings	17,362	29,051
Interest on lease liabilities	412	890
Interest on deposits received for rental	1,710	1,635
	<u>19,484</u>	<u>31,576</u>

7. PROFIT (LOSS) BEFORE TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit (loss) before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	2,800	2,700
Depreciation of property, plant and equipment	32,590	33,779
Gross rental income for investment properties	(212,359)	(172,269)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	10,295	7,479
Less: Direct operating expenses incurred for investment properties that did not generate rental income during the year	2,025	18
	<u>(200,039)</u>	<u>(164,772)</u>
Staff costs including directors' remuneration		
Salaries	139,772	121,838
Retirement benefits schemes contributions	9,575	8,897
	<u>149,347</u>	<u>130,735</u>

8. TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The charge comprises:		
Current tax		
PRC Enterprise Income Tax	74,427	55,848
Deferred tax	36,504	7,032
	<u>110,931</u>	<u>62,880</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 People's Republic of China (the "PRC"), is calculated at the rate of 25% of their assessable profits for the year ended 31 December 2021 (2020: 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 2021 (2020: nil).

10. EARNINGS (LOSS) PER SHARE

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings (loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	<u>190,711</u>	<u>(453,114)</u>
	Number of shares	
	2021	2020
		(restated)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	<u>5,717,975,563</u>	<u>4,093,526,434</u>

The weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share has been adjusted for the bonus element of the rights issue on 15 April 2021.

The computation of diluted earnings (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 2021 and 2020.

11. INVESTMENT PROPERTIES

The Group leases out various offices, retail premises and car parks located in the PRC under operating leases with rentals payable monthly. The leases typically run for an initial period of one to twelve years. The leases of retail stores contain variable lease payment that are based on 2.5% to 25% (2020: 2.5% to 25%) sales and minimum annual lease payment that are fixed over the lease term.

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

	<i>HK\$'000</i>
FAIR VALUE	
As at 1 January 2020	2,599,888
Currency realignment	165,295
Decrease in fair value of investment properties	<u>(25,872)</u>
As at 31 December 2020	2,739,311
Currency realignment	80,403
Increase in fair value of investment properties	<u>2,413</u>
As at 31 December 2021	<u><u>2,822,127</u></u>

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

12. INTERESTS IN ASSOCIATES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of unlisted interests in associates	1,843,989	1,317,451
Share of post-acquisition results and other comprehensive income and gain on dilution of interests in an associate	<u>(551,045)</u>	<u>(476,495)</u>
	<u>1,292,944</u>	<u>840,956</u>

ZhongAn Technologies International Group Limited (“ZhongAn International”) and its subsidiaries (collectively known as “ZhongAn International Group”)

As at 1 January 2020, the Group has 49% equity interests in ZhongAn International.

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

During the year ended 31 December 2021, the Group has further subscribed for 74,212,258 new ordinary shares of ZhongAn International for HK\$381,580,000 in cash. Also, ZhongAn International has issued new shares to ZhongAn Information Technology Services Co., Limited (“ZhongAn Technology”), the another shareholder of ZhongAn International, and two independent third parties during the year ended 31 December 2021 and thus, the Group’s equity interests in ZhongAn International is decreased from 49% to 43.21% as at 31 December 2021. The dilution of the interests in ZhongAn International resulted in a gain of approximately HK\$309,159,000, being the difference between the proportionate share of ZhongAn International’s net assets attributable to the Group and the carrying amount of the interests in ZhongAn International before the dilution, recognised in the profit or loss during the year ended 31 December 2021.

During the year ended 31 December 2021, the Group also agreed to invest RMB500,000,000 (equivalent to HK\$600,197,000) in consideration for redeemable preference shares of ZhongAn International (“Redeemable Preference Shares”). 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. Details of the Redeemable Preference Shares are disclosed in Note 19.

As at 31 December 2021, the carrying amount of the Group’s interest in ZhongAn International amounted to HK\$1,069,110,000 (2020: HK\$730,944,000). For the year ended 31 December 2021, the Group recognised share of loss of ZhongAn International of HK\$353,506,000 (for the year ended 31 December 2020: HK\$243,286,000) and share of comprehensive expenses of ZhongAn International of HK\$21,703,000 (2020: nil).

13. EQUITY INSTRUMENTS AT FVTOCI

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Equity instruments at FVTOCI comprise:		
Equity securities of ZhongAn Online P & C Insurance Co., Ltd. ("ZhongAn Online"), at fair value (note (i))	1,851,996	2,334,621
Equity securities of an entity listed in Hong Kong, at fair value	65,300	—
Unlisted equity securities in Hong Kong, the PRC and overseas, at fair value	<u>124,850</u>	<u>194,259</u>
Total (note (ii))	<u><u>2,042,146</u></u>	<u><u>2,528,880</u></u>

Notes:

- (i) As at 31 December 2020, all the shares of ZhongAn Online owned by the Group are with lock-up period. During year ended 31 December 2021, lock-up period of certain number of shares of ZhongAn Online has been expired.

The marketability of the shares with lock-up period is different from those publicly traded. The fair value of equity securities in ZhongAn Online with lock-up period as at 31 December 2021 and 2020 has been arrived at on the basis of a valuation carried out by an independent professional valuer.

- (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 AN ASSOCIATE AT FVTPL/AMOUNTS DUE FROM ASSOCIATES AT FVTPL

	2021	2020
	HK\$'000	HK\$'000
Loan receivable from an associate at FVTPL	704,082	865,231
Less: Share of loss and other comprehensive expenses of associates in excess of cost of investment	(704,082)	(857,920)
	<u>—</u>	<u>7,311</u>
Amounts due from associates at FVTPL	<u>—</u>	<u>26,289</u>

Rockefeller Group Asia Pacific, Inc. (“RGAP”) and its subsidiaries (“RGAP Group”) is principally engaged in property development and property investment in Shanghai. The amount represents a shareholder’s loan receivable from RGAP for financing a property development and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. As the loan receivable from an associate 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 from an associate.

As at 31 December 2021 and 2020, amounts due from associates, which represented the current account with RGAP Group, were unsecured, interest-free and repayable on demand. The loan receivable from an associate is unsecured and has no fixed repayment terms. The directors of the Company consider that the loan receivable from an associate at FVTPL and amounts due from associates at FVTPL will not be repayable within one year from the end of the reporting period, they are classified as non-current asset accordingly.

Loan receivable from an associate and the amounts due from associates represent an investment in the project of RGAP. In accordance with the investment agreement, the Group and the other shareholder contributed minimal amount of capital and substantially all portion of the associates’ capital expenditures/operations were funded through loan receivable from an associate and amounts due from associates by the Group and a detailed analysis of the particular facts and circumstances led to the conclusion that these amounts are not held within a business model whose objective is to collect contractual cash flows at the initial application of HKFRS 9. Hence, loan receivable from an associate as well as the amounts due from associates are both measured at FVTPL. The directors of the Company assessed the fair value of the loan receivable from an associate and amounts due from associates by taking into consideration the expected time to sell the residential

properties and the expected market price and the future rental income of the properties, where appropriate, in order to determine the estimated future cash flows to the Group and timing of such cash flows discounted at market interest rate.

A fair value loss of HK\$210,082,000 (2020: HK\$314,454,000) is recognised in profit or loss during the year ended 31 December 2021. The Group limits the recognition of the RGAP Group's losses to HK\$704,082,000 as the carrying amount of its net investment in RGAP is then zero, the Group reversed the share of loss of RGAP Group recognised in previous years of HK\$153,838,000 during the year ended 31 December 2021. Accordingly, the Group has net loss of HK\$56,244,000 (representing the fair value loss of HK\$210,082,000 and reversal of share of loss of HK\$153,838,000) in respect of investment in RGAP being recognised in the profit or loss during the year ended 31 December 2021.

15. STOCK OF PROPERTIES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Properties under development	<u>951,774</u>	<u>935,818</u>

As at 31 December 2021, properties under development of HK\$951,774,000 (2020: HK\$935,818,000) represent the carrying amount of the properties expected to be completed more than one year from the end of the reporting period upon the Group's revision on the selling strategy over the properties under development during the year.

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables from property management and property investment business	4,729	4,610
Trade receivables from Financing services	—	13,714
	<u>4,729</u>	<u>18,324</u>
Less: allowance for credit loss	—	(13,714)
Total trade receivables	4,729	4,610
Interest receivables from bank deposits	17,111	90,643
Other receivables, deposits and prepayments	31,594	27,057
	<u>53,434</u>	<u>122,310</u>

As at 1 January 2020, the carrying amount of trade receivables is HK\$7,285,000.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Aged:		
0 to 60 days	3,348	3,683
61 to 180 days	1,186	546
Over 181 days	195	381
	<u>4,729</u>	<u>4,610</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 2021, trade receivables from property management and property investment of HK\$1,381,000 (2020: HK\$927,000) are past due. Management of the Group considers that the ECL for trade receivables from property management and property investment business is insignificant as the debtors have good settlement history as at 31 December 2021 and 2020.

17. LOANS RECEIVABLES

	2021	2020
	HK\$'000	HK\$'000
Factoring loans receivables with recourse	—	92,883
Other loans receivables (note)	562,236	310,603
	562,236	403,486
Less: allowance for credit loss	(10,711)	(13,106)
Total	551,525	390,380
Analysed for reporting purposes as:		
Non-current	383,822	268,779
Current	167,703	121,601
Total	551,525	390,380

Note:

Other loans receivables to independent third parties are unsecured, carried at fixed interest rate ranged from 4.0% to 7.0% (2020: 4.9% to 6.0%) per annum and will be matured in 2022 to 2023 (2020: 2021 to 2023).

As at 31 December 2021 and 2020, 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 2021 HK\$'000	Present value of minimum lease payments 2021 HK\$'000	Minimum lease payments 2020 HK\$'000	Present value of minimum lease payments 2020 HK\$'000
Finance lease receivables comprise:				
Within one year	5,286	5,277	9,248	8,186
In the second year	2	1	770	766
In the third year	—	—	2	1
	<hr/>	<hr/>	<hr/>	<hr/>
Gross investment in the lease	5,288	5,278	10,020	8,953
Less: Unearned finance income	(10)	N/A	(1,067)	N/A
	<hr/>	<hr/>	<hr/>	<hr/>
Present value of lease obligations	5,278	5,278	8,953	8,953
Less: allowance for credit loss	(5,273)	(5,273)	(5,202)	(5,202)
	<hr/>	<hr/>	<hr/>	<hr/>
	5		3,751	
	<hr/> <hr/>		<hr/> <hr/>	
Less: Amounts receivable within one year (shown as current assets)		(4)		(2,984)
		<hr/>		<hr/>
Amount receivable after one year (shown as non-current assets)		1		767
		<hr/> <hr/>		<hr/> <hr/>

The effective interest rates of the finance leases as at 31 December 2021 range from 5.5% to 10.0% (2020: 5.5% to 10.0%) per annum.

19. OTHER FINANCIAL ASSETS AT FVTPL

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other financial assets at FVTPL comprise:		
Equity securities listed in Hong Kong	6,728	7,239
Equity securities listed in the PRC	21,619	22,424
Equity securities listed in the overseas	22,255	—
Investments in Redeemable Preference Shares (note (i))	633,473	—
Investments in redeemable convertible preference shares of an entity	—	68,135
Senior notes listed in Hong Kong	—	22,833
Unlisted fund investments in the PRC (note (ii))	320,981	215,270
Unlisted fund investments in the overseas	144,354	108,152
	<u>1,149,410</u>	<u>444,053</u>
Analysed for reporting purposes as:		
Non-current	1,121,063	88,406
Current	28,347	355,647
	<u>1,149,410</u>	<u>444,053</u>

Notes:

- (i) The Group has subscribed Redeemable Preference Shares, as disclosed in Note 12, of RMB500,000,000 (equivalent to HK\$600,197,000) during the year 31 December 2021. ZhongAn International has the right to redeem from the Group all or any portion of Redeemable Preference Shares within 5 years from the date of the issuance of Redeemable Preference Shares, which the term shall be renewed automatically every 5 years, subject to any veto by any of the Group or ZhongAn Technology, another shareholder of ZhongAn International, 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 a pro-rata basis. Also, the Group granted to ZhongAn Technology a call option to require the Group to sell to ZhongAn Technology up to all Redeemable Preference Shares issued to the Group. The exercise price of the call option is equal to the principal amount of the Redeemable Preference Shares being called 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.

- (ii) The Group has committed to invest RMB150,000,000 for establishment of investment fund in previous years. During the year ended 31 December 2020, the Group invested RMB75,000,000 (approximately HK\$82,147,000) in that investment fund. During year ended 31 December 2021, a supplementary agreement is entered by all investees that the remaining commitments are waived.

20. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	33,387	33,938
Accruals for construction work	176,457	194,439
Deposits received for rental	38,660	37,125
Advance lease payments	13,837	17,808
Deposits received for management fee	47,097	53,687
Other tax payables	18,520	17,504
Salaries payable and staff welfare payables	58,589	57,232
Other payables and accrued charges	68,702	57,182
	<u>455,249</u>	<u>468,915</u>

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Aged:		
0 to 90 days	5,237	5,598
91 to 180 days	1,621	1,175
181 to 360 days	201	119
Over 360 days	26,328	27,046
	<u>33,387</u>	<u>33,938</u>

21. BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank borrowings – secured	955,000	685,000
Other borrowings – unsecured	—	68,135
	<u>955,000</u>	<u>753,135</u>
	Other	
	borrowings	Bank borrowings
	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
		2020
		<i>HK\$'000</i>
Carrying amounts repayable based on a schedule repayment term:		
Within one year	<u>68,135</u>	<u>—</u>
	68,135	685,000
	68,135	685,000
Carrying amounts of borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	—	65,400
Within a period of more than one year but not exceeding two years	—	85,900
Within a period of more than two years but not exceeding five years	—	803,700
	<u>—</u>	<u>955,000</u>
Less: Amount classified as current liabilities	<u>(68,135)</u>	<u>(955,000)</u>
Amount due after one year and classified as non-current liabilities	<u>—</u>	<u>—</u>

As at 31 December 2021, bank borrowings of HK\$995,000,000 (2020: HK\$685,000,000) carried interest at benchmark interest rate as stipulated by Hong Kong Interbank Offered Rate (“HIBOR”) plus a certain percentage.

The interest rates as at the end of the reporting period for the loans range from 1.75% to 2.80% (2020: 0% to 1.96%) per annum.

22. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Shares of HK\$0.10 each		
Authorised:		
As at 1 January 2020 and 31 December 2020	6,000,000,000	600,000
Increase in authorised share capital (note (i))	9,000,000,000	900,000
	<u>15,000,000,000</u>	<u>1,500,000</u>
As at 31 December 2021		
Issued and fully paid:		
As at 1 January 2020 and 31 December 2020	3,541,112,832	354,111
Issues new shares upon rights issue (note (ii))	2,832,890,264	283,289
	<u>6,374,003,096</u>	<u>637,400</u>
As at 31 December 2021		

Notes:

- (i) On 8 March 2021, the authorised share capital of the Company was increased from HK\$600,000,000 divided into 6,000,000,000 shares of HK\$0.10 each to HK\$1,500,000,000 divided into 15,000,000,000 shares by creation of an additional 9,000,000,000 shares.

- (ii) On 15 April 2021, 2,832,890,264 shares of HK\$0.10 each were issued by way of rights issue at a subscription price of HK\$0.28 per share. The new shares rank pari passu with the existing shares in all respects.

23. EVENT AFTER THE REPORTING PERIOD

Subsequent to 31 December 2021, ZhongAn Technology, another shareholder of ZhongAn International, has subscribed for new ordinary shares of ZhongAn International, an associate of the Group, and thus the Group's equity interests in ZhongAn International is decreased from 43.21% to 41.5%.

This is a non-adjusting event after the financial year end and does not result in any adjustments to the consolidated financial statements for the year ended 31 December 2021. The directors of the Company are in the process of assessing the impact on the consolidated financial statements for the year ending 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has been actively responding to the Chinese government's and the Hong Kong SAR government's continued approach to promote FinTech development, and made great efforts in exploring the methodology of enhancing its business model and creating new value for the Group. While maintaining our real estate business and financing services business, the Group actively collaborated with leading FinTech companies in the market and grasped every opportunity to develop in the FinTech market. For instance, we invested in ZhongAn Online P & C Insurance Co., Ltd. ("ZhongAn Online") (stock code: 6060), with whom we established a joint venture, ZhongAn Technologies International Group Limited ("ZhongAn International").

For the year ended 31 December 2021, the Group's revenue was HK\$432.2 million, increasing by 12% as compared to last year. Gross profit was HK\$268.8 million, increasing by 17% as compared to last year. The Company recorded profit attributable to the owners of the Company of HK\$190.7 million during the year, comparing to a loss of HK\$453.1 million to last year. Basic earnings per share amounted to HK3.34 cents, comparing to a restated basic loss per share of HK11.07 cents to last year.

PROPERTY RENTAL

For the year ended 31 December 2021, total rental income amounted to HK\$212.4 million, representing an increase of 23% as compared to last year. Due to the outbreak of the COVID-19 pandemic, rental income recorded from investment properties dropped last year due to rent concession granted to tenants with an aim to help them to overcome the challenging situation, while rental income gradually recovered during this year.

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

Sinolink Tower

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

As of 31 December 2021, the occupancy rate of the office portion of *Sinolink Tower* was approximately 55%. Tenants are mainly engaged in jewelry, investment and real estate business.

O Hotel, the Group’s first hotel that is dedicated to delivering a personalized experience, has 188 rooms and suites, a trendy restaurant, a specialty coffee shop, a premium fitness club and other facilities. During the year, the hotel continued to operate in a challenging business environment. After the outbreak of the COVID-19 epidemic and the implementation of epidemic prevention and control policies, *O Hotel*, as a feature hotel under our proprietary brand, still experienced a low occupancy rate. The management has adopted measures for more stringent cost control and better services to improve the overall performance of the hotel.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2021, the Group has the following properties under development

1. Rockbund

Located at the Bund in Shanghai, Rockbund is an integrated property project jointly developed by the Group and The Rockefeller Group International, Inc. The project has a total site area of 18,000 square meters with a GFA of 94,080 square meters, and comprises of the repairs and operation of heritage buildings, and the construction of some new structures. The Group 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 already commenced operation and have been leased out. The foundation of the new building structures have been completed, with structural works well under way. The entire project is expected to commence operation gradually upon completion of the construction in 2022.

2. Ningguo Mansions

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

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

FINANCING SERVICES BUSINESS

Financing services business are principally engaged in provision of efficient financial leasing solutions and multiple consultancy services, to satisfy technology and new economy companies' demands for financial services at different stages of development.

For the year ended 31 December 2021, the interest income from financing services business amounted to HK\$23.0 million (for the year ended 31 December 2020: HK\$22.2 million). As at 31 December 2021, other loans receivables to independent third parties are unsecured, carried at fixed interest rate ranged from 4.0% to 7.0% (2020: 4.9% to 6.0%) per annum and will be matured in 2022 to 2023 (2020: 2021 to 2023). Due to the impacts on various sectors from the outbreak of the COVID-19 pandemic and the delay in resumption of work and production of the enterprises, we made continuous efforts to enhance risk management of the financial leasing and factoring business.

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

OTHER BUSINESSES

Other businesses within the Group include property, facility and project management services. For the year ended 31 December 2021, the Group recorded a revenue of HK\$196.8 million from other businesses, representing an increase of 8% during the year.

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 dated 8 December 2017, the Company and ZhongAn Technology owned 49% and 51% of the voting interest in ZhongAn International, respectively.

On 29 April 2021, the Company entered into the subscription agreement with ZhongAn Technology and ZhongAn International, pursuant to which the Company conditionally agreed to subscribe for, and ZhongAn International conditionally agreed to allot and issue, an aggregate of 500,000,000 new redeemable preference shares of ZhongAn International for a total subscription price of RMB500,000,000 (equivalent to approximately HK\$600,197,000) in cash ("Subscription Agreement"). Details of which are set out in the circular dated 9 August 2021.

The Subscription Agreement was completed on 3 May 2021. ZhongAn International have the right to redeem from the Group all or any portion of redeemable preference shares within 5 years from the date of the issuance of redeemable preference shares (whose term shall be renewed automatically every 5 years, subject to any veto by any of the Group or ZhongAn Technology) at the amount of the redeemable preference shares attributable to the Group plus an interest rate of 5.5% per annum on the price redeemed calculated from the date of the relevant contribution by the Group on pro-rata basis. The Group did not have any voting rights from redeemable preference shares and did not have any right to receive dividend from ZhongAn International. In the event of a return of capital, liquidation, dissolution or winding-up of ZhongAn International, the Group shall be entitled to receive in cash, the amount of contribution attributable to the then issued redeemable preference shares and the amount of revenue as of the day on which any of the above incidents happens. As the rights and obligations of the ownership over redeemable preference shares are different from the ownership of ordinary shares of ZhongAn International, the Group's investment in redeemable preference shares is accounted for in accordance with HKFRS 9 and measured at FVTPL. Upon completion, the voting interests held by the Company and ZhongAn Technology in the joint venture shall remain 49% and 51%, respectively. As at 31 December 2021, the fair value of redeemable preference shares amounted to approximately HK\$633.5 million (2020: nil), representing 5% of the Group's total assets. There were no realized gain or loss or dividend received during the year ended 31 December 2021. The unrealised fair value gain on other financial assets at FVTPL amounted approximately HK\$21.9 million for the year ended 31 December 2021.

On 27 October 2021, the Company entered into the Share Purchase Agreement with ZhongAn Technology, ZhongAn International, Warrior Treasure Limited ("Warrior") and AIA VCC for a/c of AIA Opportunities Fund - Venture Capital 2021 ("Opportunities Fund"), pursuant to which, among other things, the Company has conditionally agreed to subscribe for 74,212,258 new ZhongAn International Ordinary Shares for a subscription price of approximately US\$49 million (equivalent to approximately HK\$381.2 million). The dilution of the interests in ZhongAn International resulted in a gain of approximately HK\$309.2 million, being the difference between the proportionate share of ZhongAn International's net assets attributable to the Group and the carrying amount of the interests in ZhongAn International before the dilution, recognised in the profit or loss during the year ended 31 December 2021. All investors have conducted closing on 23 November 2021. ZhongAn Technology, the Company, Warrior and Opportunities Fund hold approximately 45.15%, approximately 43.21%, approximately 8.67% and approximately 2.97% voting interests of the joint venture, respectively.

ZhongAn International and its subsidiaries provide technology developments and technology consulting services to customers; virtual banking services to its customers and insurance business.

As at 31 December 2021, carrying amount of the Group's interest in ZhongAn International amounted to approximately HK\$1,069 million, representing 9% of the Group's total assets. As at 31 December 2021, the Company held 1,103,212,258 ordinary shares and the voting interest in ZhongAn International was 43.21% (31 December 2020: 49%). The original cost is approximately HK\$1,538 million. For the year ended 31 December 2021, there was no dividend received from ZhongAn International.

Business Review and Outlook

The Board acknowledges that ZhongAn International, as a FinTech company, will take time to build and require substantial upfront investment in development of hardware and underlying technologies before it is capable of generating profit. The 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.

By providing additional working capital and enhancing financial flexibility to ZhongAn International, the Company is expected to further facilitate its business process of exploring international business development, cooperation and investment opportunities in FinTech and Insurtech in overseas markets. In respect of the expansion plan of the Company's FinTech business, the FinTech business is conducted through ZhongAn Bank Limited, an indirect wholly-owned subsidiary of ZhongAn International. ZhongAn International will help the Company optimize its investment objectives and strategies.

In October 2021, ZhongAn International received a capital injection of approximately US\$232 million from investors including AIA Group's subsidiary Opportunities Fund and Warrior, becoming a local FinTech unicorn in Hong Kong with huge potential in future development.

For the year ended 31 December 2021, the Group's share of loss of ZhongAn International was HK\$353.5 million (for the year ended 31 December 2020: loss of HK\$243.3 million), which was mainly attributable to the upfront development costs of ZhongAn International.

ZA Bank Limited (“ZA Bank”)

ZhongAn International actively participates in FinTech innovation in Hong Kong, and ZA Bank became one of the first banks in Hong Kong to be granted a virtual banking license on 27 March 2019. On 24 March 2020, ZA Bank officially became the first virtual bank in Hong Kong, providing Hong Kong residents with breakthrough banking products and services.

With its innovative and safe products and services, within just two years of its official opening, ZA Bank has won the trust and support from users, becoming the first virtual bank in Hong Kong. As of 31 December 2021, the number of customers of ZA Bank exceeded 500,000, representing approximately 6% of Hong Kong’s population. ZA Bank became the largest virtual bank in Hong Kong in terms of the scale of customers. Meanwhile, the balance of deposits reached HK\$7 billion, and the balance of loans increased by approximately four times year-on-year to approximately HK\$2.5 billion.

In addition, ZA Bank is also one of the virtual banks with the most complete local products, providing users with innovative deposit, loan, transfer, consumption, insurance and commercial banking services.

In March 2021, ZA Bank officially entered the commercial banking business to assist small and medium-sized enterprises in different industries in Hong Kong to develop business opportunities. It also participated in the “SME Financing Guarantee Scheme” launched by HKMC Insurance Limited to help small and medium-sized enterprises calmly cope with the operational challenges brought by the epidemic. In May 2021, ZA Bank took advantage of the dual licenses of ZhongAn International to work with ZA Insure, a digital-only insurer under ZhongAn International, to create a brand-new insurance experience for users through the ZA Bank App.

As a rapidly growing new bank, ZA Bank is committed to taking care of users’ comprehensive financial needs. In January 2022, ZA Bank has become the first virtual bank in Hong Kong to be granted a Type 1 regulated activity (dealing in securities) license by the Securities and Futures Commission, and is ready to further upgrade users’ investment and wealth management experience.

ZA Life Limited (“ZA Life”)

In May 2020, ZA Life, the joint venture between ZhongAn International and Fubon Life Insurance (Hong Kong) Company Limited, obtained a digital-only insurer license from the Hong Kong Insurance Authority under its Fast Track pilot scheme. Under the business name of ZA Insure, it has launched a variety of basic life and medical insurance.

In May 2021, ZA Insure launched the cheapest voluntary health insurance “Standard Plan” in Hong Kong - “ZA VHIS”, allowing users to obtain comprehensive medical coverage at an inclusive price. In December, ZA Insure launched a savings protection with a guaranteed average rate of return of up to 2.5% per year through the ZA Bank App - “ZA Savings Insurance”, and worked with ZA Bank to achieve another breakthrough in product innovation.

ZA Tech Global Limited (“ZA Tech”)

ZhongAn International, in collaboration with SoftBank Vision Fund Phase 1, established ZA Tech to export ZhongAn’s cutting-edge technology solutions to overseas markets. ZA Tech focuses on providing comprehensive innovative digital solutions to insurance companies and Internet companies, redefining the insurance value chain and Internet ecology with technology.

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

ZA Tech has reached cooperation agreements with companies such as Grab Holdings Inc., a leading platform in Southeast Asia; and OVO, a leading E-wallet platform in Indonesia. In addition, ZA Tech announced in December 2020 that it has become a regional technology partner with AIA Group to help AIA accelerate digitalization, reach new customer groups, and fill users’ protection needs.

In March 2021, ZA Tech and PFI Mega Life, a joint venture operated by Prudential Financial Group in Indonesia, became partners, leveraging ZA Tech's technological expertise to jointly create insurance products and digital solutions, and jointly promoting the digital transformation of the local insurance industry.

In October 2021, ZA Tech announced a technology partnership with Muang Thai Life, one of Thailand's largest life and health insurers. Empowered by ZA Tech's "Nano" software-as-a-service (SaaS) solution, Muang Thai Life will simplify and accelerate product development cycles and go-to-market strategies to respond to the ever-changing needs of users.

In November 2021, ZA Tech announced a joint venture with Klook, the world's leading leisure travel booking platform, to provide consumers around the world with richer and more convenient travel-related insurance. ZA Tech will export its self-developed technology solution "Fusion" to Klook, equip the platform with related technologies, and create a smooth digital experience for travelers and partners in the ecosystem.

MAJOR ASSOCIATE – ROCKEFELLER GROUP ASIA PACIFIC, INC.

The Group's investment in Rockefeller Group Asia Pacific, Inc. ("RGAP") has recognized a net loss of HK\$56.2 million, representing current year fair value loss of HK\$210.1 million and reversal of portion of share of loss of HK\$153.8 million, in respect of investment in RGAP being recognised in the profit or loss during the year ended 31 December 2021.

A fair value loss of HK\$210.1 million (for the year ended 31 December 2020: HK\$314.5 million) is recognised in current year's profit or loss stemming from loan receivables from RGAP (which constituting as part of the total investment in RGAP) and amounts due from RGAP.

According to Hong Kong Accounting Standard 28 "Investments in Associates", when the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Accordingly, for the year ended 31 December 2021, the Group recorded reversal of share of loss of an associate, RGAP, of HK\$153.8 million (for the year ended 31 December 2020: share of loss of HK\$1.3 million), in respect of the Rockbund project.

LOAN RECEIVABLE FROM ASSOCIATES

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

According to HKFRS 9, the loan receivable from associates, as well as the amounts due from associates, represent an investment in the project of RGAP; hence these amounts are not held within a business model whose objective is to collect contractual cash flows. The 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 2021, the directors of the Company reassessed the fair value of such investment amount after taking into consideration and the discounted estimated future cash flow and time based on the original actual flows of the loan. The fair value loss of HK\$210.1 million (for the year ended 31 December 2020: HK\$314.5 million) is recognised in profit or loss during the year ended 31 December 2021.

SIGNIFICANT INVESTMENT

As at 31 December 2021, total equity instruments at fair value through other comprehensive income amounted to HK\$2,042.1 million (31 December 2020: HK\$2,528.9 million), mainly representing that of ZhongAn Online held by the Group of approximately HK\$1,852.0 million (31 December 2020: HK\$2,334.6 million), which was measured at fair value at the end of the reporting period. As at 31 December 2021, the significant investment of the Group are as follows:

Name of Significant investment	Number of shares held as at 31 December 2021	Percentage of shareholding as at 31 December 2021 %	Unrealized	Realized	Dividends received for the year ended 31 December 2021 HK\$'000	Approximate percentage of the Group's total asset as at 31 December 2021 %	Cost of investment 31 December 2021 HK\$'000	Market value* as at 31 December 2021 HK\$'000
			fair value gain (loss) recognized in other comprehensive income for the year ended 31 December 2021 HK\$'000	fair value gain (loss) recognized in other comprehensive income for the year ended 31 December 2021 HK\$'000				
Hong Kong listed shares								
- ZhongAn Online (Stock code: 6060)	81,000,000	5.51	(543,694)	—	—	15	92,000	1,851,996

* In 2020, ZhongAn Online obtained the approval for full circulation of its converted H shares, and the H share full circulation shares 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.

ZhongAn Online is an online Insurtech company, incorporated in the PRC with limited liability, which offers extensive property and casualty insurance products, covering accident insurance, bond insurance, health insurance, liability insurance, credit insurance, cargo insurance, household property insurance, etc.

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

During the year ended 31 December 2021, the gross written premiums of ZhongAn Online was approximately RMB20,480 million, a year-on-year increase of approximately 22.6%; the net profit attributable to owners of the parent company was approximately RMB1,165 million, a year-on-year increase of approximately 110.3%.

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

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

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

RIGHTS ISSUE

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

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

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

Use of proceeds from the Rights Issue

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

As of 31 December 2021, the intended use and actual use of the net proceeds from the Rights Issue, as well as the unutilized net proceeds therefrom are as follows:

	Intended use of proceeds from the Rights Issue <i>HK\$' million</i>	Actual use of net proceeds as at 31 December 2021 <i>HK\$' million</i>	Unutilized net proceeds as at 31 December 2021 <i>HK\$' million</i>
Repayment of external debts	118.2	118.2	—
Further investment into the FinTech business of the Group	591.2	591.2	—
General working capital	78.8	69.1	9.7
Total	<u>788.2</u>	<u>778.5</u>	<u>9.7</u>

The unutilized net proceeds from the Rights Issue was used according to the intended use as disclosed in the circular of the Company dated 11 February 2021. As at the date hereof, the net proceeds have been fully utilized.

PROSPECTS

Looking forward to 2022, the global economic growth rate may slow down to 4.5~4.8%, and the growth rate of major economies will also decline. On a basic level, it is impossible to completely end the epidemic in 2022, but through the characteristics of normalization, repeated waves, lower fatality rate, and overall slowdown, its impact on the economy will gradually decrease. The tightening trend of global monetary policies has also been clear, and the US Federal Reserve may start raising interest rates in mid-2022. In the case of tight monetary policies in developed economies, especially the expectation of raised interest rates by the US Federal Reserve, other emerging economies will also adopt interest rate hike strategies in advance to prevent a series of risks brought by capital outflows.

In 2022, the momentum of China's economic growth will also face greater challenges: First, the external demand affects the chain of domestic exports-industrial production-manufacturing investment, and the return of exports from high prosperity to normal in 2022 may pose a challenge. Second, the monthly growth rate of real estate investment in December 2021 turned negative, showing a stalled decline. Due to continuous negative growth in sales of real estate, on 17 January 2022, the central bank lowered the MLF and opened market operation interest rates of 10bp, and the 5-year LPR quotation on 20 January is expected to be simultaneously lowered by 5-10bp, which is an important part of stabilizing real estate. Third, what the stock market first reflects is that it is doubtful of whether the expectation of strong growth in infrastructure investment in early 2022 can be achieved. In 2022, investment in new infrastructure, major projects, and affordable housing will increase at an accelerated rate, and the growth rate of infrastructure investment is expected to rise, but its sustainability and magnitude should not be overestimated. Fourth, the decline in the growth rate of residents' income has become a more important constraint on consumption recovery.

With the introduction of the top-level design of the "dual carbon" policy, current constraints on the supply side of China's economy were alleviated, resulting in a better balance between economic growth and green transformation. Alongside the improved mid-stream and downstream profit as a result of pull back of bulk commodity prices, both of these aspects will provide support to the stability of China's economy in 2022. However, on the demand side, in addition to manufacturing investment, the constraints on economic recovery are becoming more and more obvious. It is necessary to take multiple measures in monetary, fiscal and industrial policies to prevent the economy from entering the continuous downward of "reduced total demand, weakened consumption capacity of residents, declining willingness of enterprises to invest, and further decreased demand".

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

FINANCIAL REVIEW

The Group's total borrowings was HK\$955 million as at 31 December 2021 (31 December 2020: HK\$753.1 million). As at 31 December 2021, the Group's gearing ratio, calculated on the basis of total borrowings over shareholders' equity, was 12.6% as compared with 11.2% as at 31 December 2020. The Group remained financially strong with a net cash position.

At 31 December 2021, pledged bank deposits of HK\$930,275,000 (31 December 2020: HK\$846,038,000) and investment properties of HK\$563,570,000 (2020: nil), were pledged to banks to secure general banking facilities granted to the Group. The borrowings of the Group are denominated in 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\$2,974.4 million (including structured deposits, bank deposits, pledged bank deposits, and cash and cash equivalents) as at 31 December 2021, mostly denominated in RMB, HK\$ and USD.

CAPITAL COMMITMENTS

As at 31 December 2021, the Group had commitments of HK\$28.8 million in respect of properties under development.

CONTINGENT LIABILITIES

As at 31 December 2021, guarantees offered to banks as security for the mortgage loans arranged for the Group's property buyers amounted to HK\$8.6 million.

EVENT AFTER THE REPORTING PERIOD

Subsequent to 31 December 2021, ZhongAn Technology has subscribed for new ordinary shares of ZhongAn International, and thus the Group's equity interests in ZhongAn International is decreased from 43.21% to 41.5%.

This is a non-adjusting event after the financial year end and does not result in any adjustments to the consolidated financial statements for the year ended 31 December 2021. The directors of the Company are in the process of assessing the impact on the consolidated financial statements for the year ending 31 December 2022.

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 2021 (2020: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed approximately 664 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 2021.

CORPORATE GOVERNANCE

During the year, the Company has complied with the code provisions that were in force 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. Mr. XIANG Ya Bo was appointed as the Chairman of the Board after the resignation of Mr. TANG Yui Man Francis 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 2021, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and 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 2021 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 2021 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 audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 24 March 2022. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion 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 Tuesday, 31 May 2022. 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 Thursday, 26 May 2022 to Tuesday, 31 May 2022, 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 Wednesday, 25 May 2022.

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, 24 March 2022

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.