百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

2018 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2018

- Revenue up 62% to HK$293.3 million
- Gross Profit up 74% to HK$162.5 million
- Profit attributable to owners of the Company up 766% to HK$123.9 million
- Basic Earnings Per Share up 775% to HK3.5 cents

The board of directors (the "Board") of Sinolink Worldwide Holdings Limited (the "Company") announced the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2018.

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	NOTES	Six months ended 30.6.2018 HK$'000 (unaudited)	30.6.2017 HK$'000 (unaudited)
Revenue			
– Interest revenue from financing services business		**55,144**	–
– Revenue from operating activities		**238,122**	181,091
Total revenue	*3*	**293,266**	181,091
Cost of sales		**(130,773)**	(87,593)
Gross profit		**162,493**	93,498
Other income	*4*	**54,567**	48,244
Selling expenses		**(1,941)**	(1,026)
Administrative expenses		**(68,363)**	(63,499)
Other gains and losses	*4*	**11,251**	(30,934)
Increase in fair value of investment properties	*11*	**31,902**	4,535
Fair value (loss) gain on other financial assets at fair value through profit or loss ("FVTPL") and derivative financial instruments		**(8,616)**	19,530
Share of results of associates		**22,241**	(17,499)
Finance costs	*5*	**(15,767)**	(1,913)
Profit before taxation		**187,767**	50,936
Taxation	*6*	**(38,217)**	(25,089)
Profit for the period	*7*	**149,550**	25,847
Attributable to:			
Owners of the Company		**123,871**	14,302
Non-controlling interests		**25,679**	11,545
		149,550	25,847
		HK cents	*HK cents*
Earnings per share	*9*		
Basic		**3.50**	0.40
Diluted		**3.50**	0.40

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**149,550**	25,847
Other comprehensive (expense) income		
Items that will not be reclassified to profit or loss:		
Exchange differences arising on translation	**(71,491)**	198,669
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	**(959,438)**	–
Other comprehensive (expense) income for the period, net of tax	**(1,030,929)**	198,669
Total comprehensive (expense) income for the period	**(881,379)**	224,516
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(703,766)**	184,969
Non-controlling interests	**(177,613)**	39,547
	(881,379)	224,516

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

	NOTES	**30.6.2018**	31.12.2017
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment	*10*	**287,197**	314,444
Prepaid lease payments		**61,336**	62,492
Investment properties	*11*	**2,707,155**	2,698,723
Amounts due from associates	*12*	**147,604**	170,744
Interests in associates		**179,809**	177,115
Available-for-sale investments	*18*	**–**	4,968,197
Equity instruments at FVTOCI	*18*	**3,654,063**	–
Other receivables		**158,399**	158,399
Loan receivables	*13*	**463,985**	466,091
Loan receivable from associates	*14*	**920,716**	1,207,906
Deferred tax assets		**2,936**	–
Long-term bank deposit		**62,873**	63,400
		8,646,073	10,287,511
Current assets			
Stock of properties	*15*	**880,992**	887,987
Trade and other receivables, deposits and prepayments	*16*	**81,422**	53,594
Loan receivables	*13*	**767,450**	600,560
Finance lease receivables	*17*	**222,630**	111,463
Derivative financial instruments		**1,109**	–
Other financial assets at FVTPL	*19*	**379,849**	256,720
Prepaid lease payments		**1,275**	1,285
Short-term bank deposits		**364,211**	382,177
Structured deposits	*20*	**965,599**	577,751
Pledged bank deposits		**624**	629
Cash and cash equivalents		**1,227,047**	1,928,596
		4,892,208	4,800,762
Current liabilities			
Trade and other payables, deposits received and accrued charges	*21*	**515,180**	543,982
Contract liabilities		**14,972**	–
Derivative financial instruments		**12,516**	–
Taxation payable		**721,951**	736,052
Borrowings – due within one year		**752,109**	752,572
		2,016,728	2,032,606
Net current assets		**2,875,480**	2,768,156
Total assets less current liabilities		**11,521,553**	13,055,667

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Non-current liabilities		
Borrowings – due after one year	**12,574**	24,731
Deferred taxation	**1,268,185**	1,574,019
	1,280,759	1,598,750
Net assets	**10,240,794**	11,456,917
Capital and reserves		
Share capital	**354,111**	354,111
Reserves	**8,232,101**	9,269,937
Equity attributable to owners of the Company	**8,586,212**	9,624,048
Non-controlling interests	**1,654,582**	1,832,869
Total Equity	**10,240,794**	11,456,917

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. GENERAL

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

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

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

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

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

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major sources:

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

Among the above revenue of the Group, rental income (within the scope of HKAS 17 "Leases") and interest income from financing business (within the scope of HKFRS 9 "Financial instruments") are not applied within the scope of HKFRS 15.

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

Summary of effects arising from initial application of HKFRS 15

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

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

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

Note:

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

The following tables summaries the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position

	As reported	**Adjustments**	**Amounts without application of HKFRS 15**
	HK$'000	*HK$'000*	*HK$'000*
Current Liabilities			
Trade and other payable, deposits received and accrued charges	515,180	14,972	530,152
Contract liabilities	14,972	(14,972)	–

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

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments

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

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

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

Summary of effect arising from initial application of HKFRS 9

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

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

(a) Available-for-sale investments

From AFS equity investments to FVTOCI

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

From AFS investments to FVTPL

At the date of initial application of HKFRS 9, the Group's equity investments of HK$59,809,000 were reclassified from available-for-sale investments to financial assets at FVTPL. The fair value gains of HK$6,977,000 relating to those equity investments previously carried at cost less impairment were adjusted to financial assets at FVTPL and retained profits as at 1 January 2018. The deferred tax liabilities and non-controlling interests increased by HK$1,744,000 and HK$1,047,000, respectively. The Group's unlisted fund investments of HK$20,099,000, of which previously measured at fair value under HKAS 39, were reclassified from available-for-sale investments to financial assets at FVTPL.

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

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

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

(c) *Loans and receivables*

Loan receivable from associates of HK$1,207,906,000 and amounts due from associates of HK$170,744,000 previously classified as loans and receivables were reclassified to FVTPL upon the application of HKFRS 9. In accordance with the investment agreement, the Group and the other shareholder contributed minimal amount of capital and substantially all portion of the associates' capital expenditures/operations were funded through loan receivable from associates and amounts due from associates by the Group. Loan receivable from associates and amounts due from associates represent an investment in the property project of the associates and hence the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding.

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

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

(d) *Impairment under ECL model*

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

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

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

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

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

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

3. REVENUE AND SEGMENT INFORMATION

(A) Revenue

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

	Six months ended 30.6.2018 *HK$'000* (unaudited)
Recognised over time under HKFRS 15:	
– Property management fee income	62,618
– Consultation service income from financing services business	33,064
– Others	36,700
Recognised at a point in time under HKFRS 15:	
– Service income from finance leasing and loan financing services	5,903
Recognised under HKFRS 15	138,285
Recognised under other HKFRSs:	
– Rental income	99,837
– Interest income from financing services business	55,144
	293,266

	Six months ended 30.6.2017 *HK$'000* (unaudited)
Property management fee income	57,538
Rental income	85,523
Interest income from financing services business	11,210
Others	26,820
	181,091

All the Group's revenue for both periods is generated from the People's Republic of China (the "PRC").

(B) Segment information

For management purposes, the Group is currently organised into the following operating divisions – 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 segments:

Six months ended 30 June 2018 (unaudited)

	Property development *HK$'000*	Property investment *HK$'000*	Property management *HK$'000*	Financing services *HK$'000*	Total for reportable segments *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
REVENUE							
External sales	–	99,837	62,618	94,111	256,566	36,700	293,266
RESULT							
Segment result	(1,629)	107,076	4,302	14,169	123,918	5,691	129,609
Other income							54,567
Unallocated corporate expenses							(29,371)
Other gains and losses							20,576
Fair value loss on other financial assets at FVTPL and derivative financial instruments							(8,616)
Share of results of associates							22,241
Unallocated finance costs							(1,239)
Profit before taxation							187,767

Six months ended 30 June 2017 (unaudited)

	Property development *HK$'000*	Property investment *HK$'000*	Property management *HK$'000*	Financing services *HK$'000*	Total for reportable segments *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
REVENUE							
External sales	–	85,523	57,538	11,210	154,271	26,820	181,091
RESULT							
Segment result	(1,255)	74,430	5,685	(1,337)	77,523	(24,081)	53,442
Other income							48,244
Unallocated corporate expenses							(19,934)
Other losses							(30,934)
Fair value gain on other financial assets at FVTPL and derivative financial instruments							19,530
Share of results of associates							(17,499)
Finance costs							(1,913)
Profit before taxation							50,936

Segment result represents the profit earned/loss incurred by each segment without allocation of other income, unallocated corporate expenses, other gains and losses, share of results of associates, fair value gain/loss on other financial assets at FVTPL and derivative financial instruments and certain 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/OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Other income comprises:		
Dividends from listed securities	**385**	372
Interest income on bank deposits	**46,134**	35,631
Interest income on other financial assets at FVTPL	**6,557**	8,107
Others	**1,491**	4,134
	54,567	48,244
Other gains and losses comprises:		
Net exchange gain (loss)	**18,801**	(30,934)
Provision for loss allowance		
– loan receivables	**(8,589)**	–
– finance lease receivables	**(736)**	–
Gain on disposal of a subsidiary *(note)*	**2,098**	–
Others	**(323)**	–
	11,251	(30,934)

Note: During the period ended 30 June 2018, the Group disposed 30% equity interests in Credence Online Group Limited ("Credence Online") to another existing shareholder of Credence Online at a cash consideration of HK$6,000,000 and resulted in gain on disposal of HK$2,098,000. Upon the disposal, the Group has 40% equity interests in Credence Online and Credence Online becomes an associate of the Group.

5. FINANCE COSTS

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on borrowings	**15,767**	1,913

6. TAXATION

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge comprises:		
Current tax		
PRC Enterprise Income Tax	**28,465**	21,688
Deferred taxation	**9,752**	3,401
	38,217	25,089

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

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% (six months ended 30 June 2017: 25%) of their assessable profits for the six months ended 30 June 2018 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.

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

Deferred taxation charge for the period represents deferred tax arising from revaluation of investment properties and undistributed profits of subsidiaries. Deferred taxation on undistributed profits of subsidiaries has been recognised taking into account the dividends to be distributed from profits earned by the subsidiaries in the PRC starting from 1 January 2008 under the relevant tax rules and regulations of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders.

7. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**26,454**	39,719
Release of prepaid lease payments	**659**	609
Fair value loss (gain) on other financial assets at FVTPL	**3,675**	(891)
Fair value loss (gain) on derivative financial instruments	**4,941**	(18,639)

8. DIVIDENDS

No dividends were paid, declared and proposed by the Company during the interim period (six months ended 30 June 2017: nil). The directors resolved that no dividend will be paid in respect of the interim period (six months ended 30 June 2017: nil).

9. EARNINGS PER SHARE

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

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**123,871**	14,302

	Number of shares	
	30.6.2018	30.6.2017
Number of ordinary shares for the purpose of basic and diluted earnings per share	**3,541,112,832**	3,541,112,832

The computation of diluted earnings per share for both periods has not assumed the exercise of the Company's share options as the exercise price was higher than the average market price of the Company's shares during the periods.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of approximately HK$961,000 (six months ended 30 June 2017: HK$886,000).

11. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2018 (audited)	2,698,723
Exchange realignment	(23,470)
Increase in fair value of investment properties	31,902
At 30 June 2018 (unaudited)	2,707,155
Unrealised gain on property revaluation included in profit or loss	31,902
At 1 January 2017 (audited)	2,470,127
Exchange realignment	76,910
Increase in fair value of investment properties	4,535
At 30 June 2017 (unaudited)	2,551,572
Unrealised gain on property revaluation included in profit or loss	4,535

The fair values of the investment properties as at 30 June 2018 and 31 December 2017 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.

The fair value of investment properties was determined by making reference to comparable sales evidence as available in the relevant market, or where appropriate by the investment method by capitalising the net income derived from the existing tenancies with allowance for the reversionary income potential of the properties.

There has been no change from the valuation technique used in the prior year.

12. AMOUNTS DUE FROM ASSOCIATES

The amounts are unsecured, interest-free and repayable on demand. The directors of the Company do not expect that the repayment will take place within twelve months from the end of the reporting period, and hence the amounts are classified as a non-current assets. The directors of the Company have assessed the recoverability of the amounts due from the Group's associate, namely Rockefeller Group Asia Pacific, Inc. ("RGAP"), together with the loan receivable from RGAP amounting to HK$1,207,906,000 as at 31 December 2017. Upon application of HKFRS 9, the directors of the Company has assessed the fair value of the amounts due from RGAP together with the loan receivable from RGAP amounting to HK$920,716,000 as at 30 June 2018. Please refer to note 14 for details.

13. LOAN RECEIVABLES

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Factoring loans receivables with recourse *(note (i))*	**279,534**	527,395
Purchased loans receivables *(note (ii))*	**352,456**	357,955
Designated loan receivable through a trust	**121,590**	119,617
Other loans receivables *(note (iii))*	**477,855**	61,684
Total	**1,231,435**	1,066,651

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
The loan receivables analysed as follows:		
Current	**767,450**	600,560
Non-current	**463,985**	466,091
	1,231,435	1,066,651

Notes:

(i) The Group granted factoring loans receivables to independent third parties, which the independent third parties have a portfolio of the receivables from providing loan to the underlying customers. The effective interest rates of the factoring loans receivables range mainly from 7.6% to 11.4% (31 December 2017: 6.4% to 14.6%) per annum as at 30 June 2018. The management of the Group reviews and assesses for impairment individually and continues to monitor whether there are any significant changes.

As at 30 June 2018 and 31 December 2017, entire factoring loans receivables are not past due.

(ii) During the year ended 31 December 2017, the Group purchased a portfolio of unsecured receivables from providing loan to the underlying customers with the principal amount of RMB230,000,000 from an independent third party without recourse at a cash consideration of RMB230,000,000 (equivalent to HK$272,835,000). The portfolio of the loans receivables is managed by a financial institution. The financial institution acted as the trustee and charged 0.1% per month on the loans receivables as trustee fee. This portfolio of loans receivables carried fixed interest rate ranged from 6.5% to 18.0% per annum and is repayable by instalments within 1 year.

Also, the Group purchased a portfolio of loans receivables to the underlying customers with the principal amount of RMB69,250,000 from an independent third party without recourse at a cash consideration of RMB69,250,000 (equivalent to HK$82,147,000). This portfolio of loans receivables, secured by the properties held by underlying customers, carried fixed interest rate of 7.5% per annum and is repayable by instalments within 1 year.

(iii) Other loans receivables to independent third parties are unsecured and carried interest rate ranged from 6.5% to 27.0% (31 December 2017: 6.0% to 16.0%) per annum.

14. LOAN RECEIVABLE FROM ASSOCIATES

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Shareholder's loan receivable		
– measured at amortised costs	**–**	1,771,260
– measured at FVTPL	**1,459,321**	–
Less: Share of loss and other comprehensive expenses of associate in excess of cost of investment	**(538,605)**	(563,354)
	920,716	1,207,906

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

Upon the application of HKFRS 9 as at 1 January 2018, loan receivable from associates as well as the amounts due from associates as stated in note 12 represent an investment in the project of RGAP as detailed in note 2.2(c) and hence the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding and loan receivable from associates as well as the amounts due from associates are both measured at FVTPL. The directors of the Company assessed the fair value of the loan receivable from associates and amounts due from associates by taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate.

15. STOCK OF PROPERTIES

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Properties under development	**880,992**	887,987

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**1,898**	2,241
Trade receivables from financing services	**34,008**	11,694
Interest receivables from bank deposits	**8,975**	9,393
Other receivables, deposits and prepayments	**36,541**	30,266
	81,422	53,594

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

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Aged:		
0 to 60 days	**1,681**	1,960
61 to 180 days	**197**	263
Over 181 days	**20**	18
	1,898	2,241

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

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Aged:		
0 to 30 days	**34,008**	11,694

17. FINANCE LEASE RECEIVABLES

Certain of the Group's equipment are leased out under finance leases. All leases are denominated in Renminbi ("RMB"). The term of finance leases entered into is one year.

	Minimum lease payments		**Present value of minimum lease payments**	
	30.06.2018	31.12.2017	**30.06.2018**	31.12.2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Not later than one year	**241,839**	117,893	**223,460**	111,463
Less: Unearned finance income	**(18,379)**	(6,430)	**–**	–
Present value of lease obligations	**223,460**	111,463	**223,460**	111,463
Less: Impairment loss allowance	**(830)**	–	**(830)**	–
	222,630		**222,630**	

The Group's finance lease receivables are denominated in RMB. The effective interest rates of the finance leases as at 30 June 2018 range from 8.7% to 19.3% (31 December 2017: 8.7% to 10.6%) per annum.

As at 30 June 2018 and 31 December 2017, entire finance lease receivables were guaranteed by related parties of customers and secured by the leased assets and customers' deposits. The title of the leased assets will be transferred to the customers with minimal consideration at the end of the term of leases.

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

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Equity instruments at FVTOCI comprise:		
Domestic shares of an entity listed in Hong Kong, at fair value *(note i)*	**3,534,982**	–
Unlisted equity securities in Hong Kong, the PRC and overseas, at fair value *(note ii)*	**119,081**	–
Total	**3,654,063**	–
Available-for-sale investments comprise:		
Domestic shares of an entity listed in Hong Kong, at fair value *(note i)*	**–**	4,807,679
Unlisted equity securities in Hong Kong and the PRC, at cost	**–**	118,257
Unlisted fund investments in overseas, at fair value	**–**	28,750
Club debentures, at fair value	**–**	13,511
Total	**–**	4,968,197

Notes:

(i) The Group held domestic shares of ZhongAn Online P&C Insurance Co., Ltd. ("ZhongAn Online"), which the marketability of domestic shares is different from the publicly-traded ordinary share capital of ZhongAn Online ("ZhongAn Online H Shares"). Also, pursuant to the Company Law of the PRC, the shares of ZhongAn Online issued prior to its listing shall not be transferred within one year from the listing date (i.e. 28 September 2017). The fair value of investment in Zhong An Online at 30 June 2018 and 31 December 2017 has been arrived at on the basis of a valuation carried out by an independent professional valuer not connected with the Group.

(ii) At the date of initial application of HKFRS 9 at 1 January 2018, the Group has made an irrevocable election to designate these investments in equity instruments as at FVTOCI.

19. OTHER FINANCIAL ASSETS AT FVTPL

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Equity securities listed in Hong Kong	**5,467**	24,418
Equity securities listed in the PRC	**77,060**	39,116
Senior notes listed in Hong Kong	**7,052**	24,085
Senior notes listed overseas	**13,968**	37,446
Coupon notes linked with listed equity securities	**53,663**	131,655
Unlisted fund investments in the PRC and overseas	**222,639**	–
	379,849	256,720

20. STRUCTURED DEPOSITS

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

Major terms of the structured deposits at the end of the reporting period are as follows:

At 30 June 2018

Principal amount	**Maturity**	**Annual coupon rate**	*Note*
RMB814,000,000	July 2018 to August 2018	from 0.3% to 4.4%	*(i)*

At 31 December 2017

Principal amount	**Maturity**	**Annual coupon rate**	*Note*
RMB483,000,000	January 2018 to March 2018	from 1.1% to 4.6%	*(i)*

Note:

(i) The annual interest rate is dependent on whether 3 month London Inter Bank Offered Rate for deposits in United States Dollar falls within ranges as specified in the relevant deposit placements during the period from inception date to maturity date of the relevant agreements.

At 31 December 2017, the varying coupon payment of the structured deposits is regarded as a non-closely related derivative embedded in the host contract but the fair value of the embedded derivative has not been separately disclosed in the condensed consolidated statement of financial position as the directors of the Company consider that its value is insignificant at initial recognition and the end of the reporting period.

Upon application of HKFRS 9 at 1 January 2018, because the contractual cash flows of structured deposits do not represent solely the payments of principal and interest on the principal amount outstanding, structured deposits of HK$577,751,000, previously classified as loans and receivables were reclassified and measured at FVTPL.

21. TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables	**39,947**	47,798
Other payables for construction work	**192,266**	205,545
Deposits and receipts in advance for rental and management fee	**99,382**	111,040
Deposits received from customer of loan receivables	**23,998**	33,543
Deposits received from customer of finance lease receivables	**37,829**	15,431
Other tax payables	**21,034**	25,097
Salaries payables and staff welfare payables	**50,052**	52,740
Other payables and accrued charges	**50,672**	52,788
	515,180	543,982

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

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Aged:		
0 to 90 days	**4,454**	11,926
91 to 180 days	**1,287**	1,783
181 to 360 days	**1,743**	3,582
Over 360 days	**32,463**	30,507
	39,947	47,798

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2018, the recovery of the global economy was faced with more obstacles and challenges. Under such circumstances, most countries saw a slowdown in recovery, overall global inflation rebounded, monetary policy were moderately tightened, and trade protectionism intensified. The U.S. economy was basically stable with rate hikes continuing at a gradual pace while the escalating trade dispute brought greater uncertainty to global recovery. In Europe, the momentum of the economic recovery weakened and rate hikes might be postponed as a result of mitigated political turmoil. Japan's economy became more vibrant on the back of sustainable growth momentum and ongoing monetary easing policy. Emerging economies showed mixed performance in recovery and were exposed to more challenges arising from rising inflation and monetary easing restrictions. Overall, there were more negative external factors at play in the Chinese economy.

In the first half of 2018, the Company actively considered enhancing its business model and creating value for the Group in response to the Chinese government's and the Hong Kong government's proactive approach to financial technology development. In the first half of 2018, while continuing to develop real estate business, the Group actively collaborated with leading financial technology companies in the market and grasped every opportunity to develop in the financial technology market. For instance, we invested in ZhongAn Online P & C Insurance Co., Ltd. and established a joint venture, ZhongAn Technologies International Group Limited, with the company.

For the six months ended 30 June 2018, the Group's revenue increased by 62% year over year to HK$293.3 million. Gross profit amounted to HK$162.5 million, representing a year-over-year increase of 74%. Profit attributable to owners of the Company amounted to HK$123.9 million, representing an increase of 766% as compared with the same period last year. Basic earnings per share amounted to HK3.50 cents, up 775% year over year.

PROPERTY RENTAL

For the six months ended 30 June 2018, total rental income amounted to HK$99.8 million, representing a year-over-year increase of 17%.

The rental income was mainly contributed by our commercial property portfolio comprising 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 30 June 2018, the occupancy rate of the office portion of Sinolink Tower was 85%. Tenants are mainly engaged in jewelry, investment and real estate business.

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

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

PROPERTIES UNDER DEVELOPMENT

As at 30 June 2018, the following properties of the Group were 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, catering, office and cultural facilities. The preserved heritage buildings have commenced operation with a portion already leased out. Capital works of the new building structures have been completed with structural works well under way. The entire project is expected to commence operation upon completion of the construction in 2019.

2. Ningguo Mansions

Located in Changning District, Shanghai, Ningguo Mansions is a residential project under construction. 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 neighborhoods in Shanghai, Ningguo Mansions is an approximately 10-minute ride from the airport and an approximately 30-minute ride from the downtown.

The project is currently undergoing deluxe decoration for the garden area, façade renovation and other facility installation works. Due to the unstable market conditions, appropriate operational arrangements will be made based on the actual situation.

MAJOR ASSOCIATE – ROCKEFELLER GROUP ASIA PACIFIC, INC.

For the six months ended 30 June 2018, the Group recorded a turnaround from share of loss of a major associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), of HK$17.5 million for the six months ended 30 June 2017 to share of profit of HK$24.7 million in respect of the Rockbund project, which was mainly due to the increase in fair value of investment properties held by RGAP.

LOAN RECEIVABLE FROM ASSOCIATES

The loan receivable is an investment in RGAP by way of a shareholder's loan used for financing the Rockbund project, constituting part of the total investment of the Group in RGAP. As the loan receivable is in fact an investment, the Group has recognized its share of loss of RGAP in excess of the investment cost against the loan receivable. Such amount is measured at amortized cost in prior years based on the estimated future cash flows expected to be received by the Group as well as the estimated timing of such amount. According to HKFRS 9 effective on 1 January 2018, the loan receivable from RGAP is measured at FVTPL. The investment is unsecured and has no fixed term of repayment. The directors consider that the investment is a long-term investment, which should be classified into a non-current asset accordingly.

As at 30 June 2017, the directors of the Company assessed the recoverable amount of the loan receivable (including the interest receivable from the loan receivable) taking into consideration the estimated future cash flows and timing of such cash flows discounted at its original effective interest rate. As at 1 January 2018 and 30 June 2018, the directors of the Company assessed the fair value of the loan receivable (including the interest receivable from the loan receivable) taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate.

As at 30 June 2018, the directors of the Company have reviewed the carrying amount of loan receivable of HK$920,716,000 (31 December 2017: HK$1,207,906,000) and amounts due from associates of HK$147,604,000 (31 December 2017: HK$170,744,000), and considered that these amounts are fully recoverable.

ASSET FINANCING

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

* *For identification purpose only*

For the six months ended 30 June 2018, the revenue from financing services business amounted to HK$94.1 million (six months ended 30 June 2017: HK$11.2 million). As at 30 June 2018, loan receivables from financing business amounted to HK$1,231.4 million (31 December 2017: HK$1,066.7 million) and finance lease receivables amounted to HK$222.6 million (31 December 2017: HK$111.5 million) with effective interest rate ranging from 6.5% to 27.0% (31 December 2017: 6.0% to 16.0%) per annum. As at 30 June 2018, there were no overdue financing assets. The Group expects that further financing business will be developed gradually in the coming year.

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

SIGNIFICANT INVESMENTS

As at 30 June 2018, total equity instruments at FVTOCI amounted to HK$3,654.1 million (available-for-sale investments as at 31 December 2017: HK$4,968.2 million), mainly represented ZhongAn Online P & C Insurance Co., Ltd. ("ZhongAn Online") (stock code: 6060) owned by the Group of approximately HK$3,535 million (31 December 2017: HK$4,807.7 million), which was measured at fair value at the end of each reporting period.

In estimating the fair value of the investment in ZhongAn Online, the Group has taken into consideration the marketability discount on domestic shares of ZhongAn Online and the restriction that its shares are non-transferable within one year from the listing date (i.e. 28 September 2017).

Financial technology is transforming our everyday life. The insurance industry is now abuzz with phrases such as insurtech, big data and digitization as insurance companies start to put greater emphasis on developing online platforms. Undoubtedly, insurers respond to the trend of digitization by focusing on developing online platforms. Digital channels enable insurers to get closer to their customers and offer them 24/7 access to their finances. Meanwhile, the industry uses big data and advanced analytics to learn more about their customers and anticipate their needs and product interests, thereby providing them with tailored services regarding market updates and other insurance-related news. We believe ZhongAn Online, as the leading insurtech company providing a full range of online insurance products and solutions in the PRC, is taking advantage of economic growth to seize the unique development opportunity in the market.

OTHER BUSINESSES

Other businesses of the Group include property, facility and project management. For the six months ended 30 June 2018, the Group recorded a revenue of HK$99.3 million from other businesses, representing a year-over-year increase of 18%.

JOINT VENTURE – ZHONGAN TECHNOLOGIES INTERNATIONAL GROUP LIMITED

As stated in the Company's announcement dated 8 December 2017, the Company entered into the Joint Venture Agreement with ZhongAn Information and Technology Services Co., Ltd. ("ZhongAn Technology Services"), a wholly-owned subsidiary of ZhongAn Online, pursuant to which the Company and ZhongAn Technology Services agreed to jointly invest in ZhongAn Technologies International Group Limited ("ZhongAn Technologies") whereby the Company can cooperate with ZhongAn Technology Services to explore international business development, collaboration and investment opportunities in the areas of fintech and insurtech in overseas markets. Pursuant to the Joint Venture Agreement, (a) the Company and ZhongAn Technology Services made a capital contribution of RMB60 million and RMB50 million in cash to ZhongAn Technologies at the consideration of its ordinary shares, respectively; and (b) the Company has conditionally agreed to make an additional capital contribution of RMB620 million in cash to ZhongAn Technologies at the consideration of redeemable preference shares. The Company and ZhongAn Technology Services own 49% and 51% of the voting interests in ZhongAn Technologies, respectively. On 14 December 2017, 49,000,000 ordinary shares of ZhongAn Technologies were issued to the Company at RMB60 million.

As at 16 August 2018, the Company subscribed for 482,438,000 redeemable preference shares of ZhongAn Technologies at total subscription amount of approximately RMB482.4 million.

PROSPECTS

Looking ahead to the second half of 2018, it is anticipated that the U.S. economy will be basically stable and rate hikes will continue at a regular pace while the trade dispute between the U.S. and China is very likely to escalate.

China's macroeconomy will face greater downside pressure on investment growth in the second half of 2018. Infrastructure investment growth in particular may hit rock bottom and then stay at that level. On the one hand, as stabilizing growth by infrastructure investment at the quality development stage becomes less effective, the growth rate will not substantially increase and hence is more likely to remain at a lower level. On the other hand, taking account of the current downside pressure on economic growth and the complex external environment, the authorities tend to adopt a more proactive approach to fiscal policy so as to deal with declining demand. In addition, the issuance of local government bonds in the first half of this year was slower than that in the previous year and the scale of issuance is expected to expand in the second half of this year. In the first half of this year, the contribution rate of consumption to economic growth steadily increased. It is expected that consumption will continue to show resilience and play a stabilizing role in the second half of the year.

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

FINANCIAL REVIEW

The Group's total borrowings decreased from HK$777.3 million as at 31 December 2017 to HK$764.7 million as at 30 June 2018. As at 30 June 2018, the Group's gearing ratio, calculated on the basis of total borrowings over shareholders' equity, was 8.9% as compared with 8.1% as at 31 December 2017. The Group remained financially strong with a net cash position.

Total assets pledged for securing the above loans had a carrying value of HK$545.1 million as at 30 June 2018. The borrowings of the Group are denominated in RMB. 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 movements on the Group.

The Group's cash and bank balances amounted to HK$2,620.4 million (including pledged bank deposits, structured deposits, short-term bank deposits, long-term bank deposits, and cash and cash equivalents) as at 30 June 2018, mostly denominated in RMB, HK$ and USD.

CAPITAL COMMITMENTS

As at 30 June 2018, the Group had capital commitments of HK$64.8 million in respect of properties under development.

CONTINGENT LIABILITIES

As at 30 June 2018, guarantees offered to banks as security for the mortgage loans arranged for the Group's property buyers amounted to HK$18.9 million.

INTERIM DIVIDEND

In order to retain resources for the Group's business development, the Board does not declare an interim dividend for the six months ended 30 June 2018 (2017: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group employed approximately 767 full time employees for its principal activities. The Group recognizes the importance of high caliber 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 share option scheme adopted by the Group.

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 six months ended 30 June 2018.

CORPORATE GOVERNANCE

During the period, the Company has complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange 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. During the period, 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. There are adequate balance of power and safeguards in place. The Board will review and monitor this situation periodically and would ensure that the present structure would not impair the balance of power of the Company.

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") as 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 six months ended 30 June 2018, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

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

The interim results of the Group for the six months ended 30 June 2018 had not been audited, but had been reviewed by the Company's external auditor, Deloitte Touche Tohmatsu and the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
SINOLINK WORLDWIDE HOLDINGS LIMITED
XIANG Ya Bo
Chairman and Chief Executive Officer

Hong Kong, 21 August 2018

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 Yaping, Mr. OU Jin Yi Hugo 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.