百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1168

2022
ANNUAL REPORT

* *For identification purpose only*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Xiang Ya Bo
(Chairman and Chief Executive Officer)
Chen Wei

Non-executive Directors

Ou Jin Yi Hugo
Ou Yaping
Tang Yui Man Francis

Independent Non-executive Directors

Tian Jin
Xiang Bing
Xin Luo Lin

AUTHORISED REPRESENTATIVES

Ou Jin Yi Hugo
Xiang Ya Bo

COMPANY SECRETARY

Lo Tai On

AUDIT COMMITTEE

Xin Luo Lin *(Chairman)*
Tian Jin
Xiang Bing

NOMINATION COMMITTEE

Tian Jin *(Chairman)*
Xiang Bing
Xiang Ya Bo
Xin Luo Lin

REMUNERATION COMMITTEE

Xin Luo Lin *(Chairman)*
Xiang Bing
Xiang Ya Bo

AUDITOR

PricewaterhouseCoopers
Registered Public Interest Entity Auditor
22/F., Prince's Building
Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28th Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong
Telephone : (852) 2851 8811
Facsimile : (852) 2851 0970
Stock Code : 1168
Website : http://www.sinolinkhk.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HONG KONG BRANCH SHARE TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712 – 1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISORS

(As to Hong Kong Law)
Cleary Gottlieb Steen & Hamilton (Hong Kong)
Deacons
Guantao & Chow Solicitors & Notaries
JunHe Law Offices
Norton Rose Fulbright Hong Kong
Tsang, Chan & Wong

(As to Bermuda Law)
Conyers Dill & Pearman

PRINCIPAL BANKERS

Bank of China Limited
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Ping An Bank
The Bank of East Asia, Limited

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CHAIRMAN'S STATEMENT

On behalf of the board of directors of Sinolink Worldwide Holdings Limited ("Sinolink" or the "Company"), I present the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2022.

ZA Bank has launched "Millionaire PowerDraw", where a single lucky winner in each round of lucky draw will take home HK$1 million in cash with ZA Card spending. The campaign has already generated 5 millionaires in Hong Kong by the end of 2022.

REVIEW

During the year ended 31 December 2022, the Group's core businesses remained focused on financial service sector, asset financing management, property development, commercial property investment and operating property management, financial products and securities investment. The Group recorded a revenue of HK$380.4 million for the year and loss attributable to owners of the Company of HK$143.4 million. Basic loss per share amounted to HK$2.25 cents. The board does not recommend the payment of any final dividend for the year ended 31 December 2022.

In 2022, the world economy suffered a shock that has not been seen in more than 40 years. With the impact of high inflation, radical global interest rate hikes, the war in Ukraine and so on, the global market has been greatly disrupted. The Chinese economy also faced great challenges during this period.

In 2022, China's annual GDP was RMB121 trillion, representing an increase of 3.0% as compared to last year. The annual national per capita disposable income was RMB36,883, representing a nominal increase of 5.0% as compared to last year, and a real increase of 2.9% after deducting price factors, which was basically in sync with economic growth.

In 2022, due to the strict zero-clearing control measures adopted by China in the epidemic control, many factories and enterprises suspended operations and production, severely hindering production and consumption. In addition to China's annual GDP growth of only 2.2% in 2020 at the beginning of the epidemic, the economic growth in 2022 was the weakest performance since 1976, revealing the heavy blow of the zero-clearing policy and the real estate collapse in 2022 to the Chinese economy. However, at the end of 2022, China canceled its strict zero-clearing policy, which had a significant impact on China's economic activities and was expected to drive the Chinese economy back into economic growth. China's economic growth was expected to bottom out in the fourth quarter of 2022 and the first quarter of 2023 as reopening progressed.

Against this backdrop and macro environment, Sinolink has been exploring new growth approaches to capture potential opportunities arising from the new form of economic development, while seeking opportunities and launching initiatives for investing and participating in financial technology and new economy sectors and striving for greater room to expand its operations in pursuit of sustainable development and stable return.

CHAIRMAN'S STATEMENT

The "ZA Carnival" physical event series has built its reputation in the market.

In August 2022, ZA Bank officially launched its fund investment service, extending the bank's footprint into the investment space.

PROSPECTS

Looking ahead to 2023, the world economy will continue to be under pressure. While rate hikes may end in 2023, the historic pace of rate hikes already poses serious risks to global economic growth. The United States is likely to experience a recession in 2023 due to monetary policy.

In 2023, the Chinese economy will also face many challenges. However, with the introduction of a series of favorable policies such as canceling the zero-clearing policy and lowering mortgage rates, China's economic growth is expected to bottom out in the first quarter of 2023. China's economy has always developed through overcoming challenges and grown through ups and downs as well as tests. As long as we take a comprehensive, dialectical and long-term view of China's economy, we can understand that China still has sufficient ability to deal with risks and challenges. China's economy has strong resilience, great potential and vitality, and its long-term positive fundamentals remain unchanged. China's role as the "stabilizer" of world economic recovery and the "engine" of growth will be further highlighted.

Despite the cautious view on the short and medium term economic trends in China, we are still confident about the Group's business prospects in the long run. We are keeping a close watch on potential short-term fluctuations in the economy while maintaining a long-term vision in business planning. With an aim to create more value for the Company, we will take on market challenges in a prudent manner to explore potential business opportunities after careful analysis, sparing no effort in shaping the Company into a sustainable business with greater room and momentum for development.

APPRECIATION

On behalf of the Board, I would like to thank all our staff for their devoted work and give my sincere gratitude to all our shareholders for their continual support over the years.

Xiang Ya Bo
Chairman

Hong Kong, 22 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Looking back to 2022, the world economy suffered unprecedented impact for over 40 years, such as high inflation, aggressive interest rate hikes across the world, war in Ukraine as well as the economic challenges in China, leading to great interruption to the global market.

To combat inflation, the Federal Reserve raised interest rate for seven times in 2022. In December last year, the Federal Reserve raised the target range for the fed funds rate by 50bps to 4.25%-4.5%. The latest 30-year mortgage interest rate in U.S. broke 7%, which was only 3.25% as at the beginning of 2022 and which has resulted in the lowest level of affordability of housing since 2007. According to the data published by the U.S. Department of Labour on 12 January 2023, the Consumer Price Index (CPI) in December 2022 in U.S. recorded a year-on-year increase of 6.5%, and the growth rate has been falling for six consecutive months. The war on inflation in the U.S. is still on-going.

In 2022, China's GDP of the full year recorded RMB121 trillion, increased by 3.0% as compared with last year. With regard to GDP by industry, the value added of the primary industry amounted to RMB8,834.5 billion, representing an increase of 4.1% as compared with last year; the value added of the secondary industry was RMB48,316.4 billion, representing an increase of 3.8%; the value added of the tertiary industry was RMB63,869.8 billion, representing an increase of 2.3%. With regard to GDP by quarter, the GDP in the first quarter increased by 4.8%, the second quarter increased by 0.4%, the third quarter increased by 3.9% and the fourth quarter increased by 2.9%. With regard to GDP by month, the GDP of the fourth quarter maintained at the same level with the third quarter. The per capita disposable income of residents for the year amounted to RMB36,883, representing a nominal growth of 5.0% as compared with last year and a real growth of 2.9% after deducting price factor, which was basically same with the economic growth.

In 2022, China adopted the strict dynamic zero-Covid policy for epidemic control, which resulted in the shutdown of many factories and enterprises, causing severe interruption to the production and consumption. Except that China's GDP grew at only 2.2% for the whole year in 2020 when the epidemic started, the economic growth in 2022 recorded the weakest performance since 1976, demonstrating the heave impact of zero-Covid policy and property crash on the China's economy.

As at the end of 2022, China abolished the strict dynamic zero-Covid policy which has caused severe impact on the China's economic activities. With the advance of the re-opening, the economic growth will reach to the bottom in the fourth quarter of 2022 and the first quarter of 2023. In 2023, the pickup in capacity utilization in the service sector is expected to drive economic growth. As the demand increases, the spare capacity in various service sectors from transportation (airlines, subways, highways) to retail wholesale, logistics is likely to recover to the normal level from the current depressed status (most operating at lower than 50% of the pre-epidemic levels), which, however, may be offset by the ongoing weakness in the real estate sector and the slowdown of exports. Recently, many policies have been put in place to help developers to refinance, with a view to enable them to continue property development. While the sales of properties has not been boosted by those measures, it is likely bottom out in 2023 with the decrease of mortgage rate and the rise of stability in economy due to the abolishment of the zero-Covid policy by the government.

The Group has been actively responding to the Chinese government's and the Hong Kong SAR government's continued approach to promote financial technology ("Fintech") development, and made great efforts in exploring the methodology of enhancing its business model and creating value for the Group. While maintaining its 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").

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2022, the Group's revenue was HK$380.4 million, decreasing by 12% as compared to last year. Gross profit was HK$226.9 million, decreasing by 16% as compared to last year. The Company recorded loss attributable to the owners of the Company of HK$143.4 million during the year, comparing to a profit attributable to the owners of the Company of HK$190.7 million to last year. Basic loss per share amounted to HK$2.25 cents, as compared to a basic earnings per share of HK$3.34 cents to last year.

PROPERTY RENTAL

For the year ended 31 December 2022, total rental income amounted to HK$176.3 million, representing a decrease of 17% as compared to last year. Shenzhen had experienced a week lock-down period in March 2022. The entire Shenzhen city including bus and subway systems were shut, along with business providing non-essential services. Due to the outbreak of the post COVID-19 pandemic, rental income recorded from investment properties dropped due to rent concession granted to tenants during the year with an aim to help them to overcome the challenging situation.

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

Sinolink Tower

Located in 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.

For the year ended 31 December 2022, the occupancy rate of the office portion of *Sinolink Tower* was approximately 32%. Tenants are mainly engaged in jewelry, investment and real estate business.

O Hotel, the Group's first hotel that is dedicated to delivering a personalised 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 2022, the Group has the following properties under development:

1. *Rockbund*

Located in 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 has proceeded 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 2023.

2. *Ningguo Mansions*

Located in the Changnin District of Shanghai, *Ningguo Mansions* is a residential project currently in the construction and inspection phase. The project, with a total site area of 13,600 square metres 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. The financing services business is financed by the Group's internal resources. In view of the fast development and adjustment in the financing services business in the PRC in recent years and our high standard requirements and emphasis on risk assessment on customers, the current source of customers are mainly by referral of close business partners or customers with excellent credit records.

As at 31 December 2022, the Group has a total of 7 borrowers (2021: 6) with total outstanding loan principal and interest receivables in the sum of HK$511.9 million (2021: HK$551.5 million), which comprised of entrusted loans HK$193.7 million (2021: HK$155.5 million) to 1 borrower (2021: 1), other loans of HK$318.2 million (2021: HK$396.0 million) to 6 borrowers (2021: 5). As at 31 December 2022, a sum of HK$287.6 million (2021: HK$298.6 million) was due from the largest borrower of the Group and an aggregate sum of approximately HK$403.8 million (2021: HK$545.4 million) was due from the five largest borrowers of the Group.

As at 31 December 2022, the ageing analysis of the Group's outstanding loan receivables based on the remaining contractual maturity date is set out below:

	31 December 2022		**31 December 2021**	
	HK$'million	*% of total*	*HK$'million*	*% of total*
Within one year	458.6	89.6%	167.7	30.4%
In the second year	53.3	10.4%	383.8	69.6%
Total	511.9	100.0%	551.5	100.0%

For the year ended 31 December 2022, the interest income from financing services business amounted to HK$25.6 million (2021: HK$23.0 million) which mainly comprised interest income from receivable-based lending services of Nil (2021: HK$3.0 million), interest income from entrusted loans of HK$7.2 million (2021: HK$5.0 million), interest income from other loans of HK$18.4 million (2021: HK$15.0 million) and interest income from finance leases receivables of Nil (2021: HK$0.01 million).

* For identification purpose only

The Group has provided business factoring services, specifically as receivables-based lending services in the PRC. In order to enhance its cashflow problem to meet its operation needs, trade receivables from customers is pledged to the Group to obtain a short term borrowings. The legal title of the receivables has not changed. Business factoring services is regulated by the Measures for the Supervision and Administration of Commercial Factoring Companies in Tianjin (《天津市商業保理公司監督管理暫行辦法》*). During the year ended 31 December 2021, the Group provided receivables-based lending services to one customer for its trade receivables and interest rate was fixed at 5.5% per annum. The receivables-based lending was guaranteed with terms less than 3 months. The Group did not provide any receivables-based lending services in 2022.

The Group has provided entrusted loans to certain PRC customers. Entrusted loans are loans made by the Group to the customers, using a licensed bank as a servicing agent. The Group will pay to the licensed bank a service fee and the credit risk is borne by the Group. Entrusted loans service is regulated by the Administrative Measures on Entrusted Loans of Commercial Banks (《商業銀行委託貸款管理辦法》*) issued by China Banking and Insurance Regulatory Commission (中國銀行保監督管理委員會)*. During the year ended 31 December 2022, the entrusted loans are unsecured, interest rates are fixed at 5.0% (2021: 5.0% to 5.5%) per annum with terms of 1 to 2 years (2021: 1 year).

The Group had loan receivables provided to independent third parties. During the years ended 31 December 2022 and 2021, the major loan receivables is provided to an independent third party with principal of RMB220,000,000, unsecured, interest rate at 6% per annum and the loan will be expired in September 2023.

The Group has provided financial leasing services in the PRC for customers (from individuals to corporates) for equipment (ranging from office equipment, 3C equipment and motor vehicles). Financing lease services is regulated by the Interim Measures for the Supervision and Administration of Shanghai Finance and Leasing Companies (《上海市融資租賃公司監督管理暫行辦法》*). Interest rates are fixed and ranged from 5.5% to 10.0% per annum and terms of leases are ranged from 6 months to 5 years.

As at 31 December 2022, loan receivables to independent third parties are unsecured, carried at fixed interest rate ranged from 4.0% to 7.0% (31 December 2021: 4.0% to 7.0%) per annum and will be matured in 2023 to 2024 (31 December 2021: 2022 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.

Credit risk and impairment assessment

In order to minimize the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit rating system to assess the potential customer's credit quality and defines credit limits by customer. The internal credit rating system is a matrix of factors by performing background search and considering historical creditworthiness information, industry recognition. Credit risk of loans receivables, finance lease receivables, entrusted loans and receivables-based lending services are assessed individually. Collateral can be one of the ways to mitigate credit risk to certain extent, nevertheless, the Group mostly provides financing services based on the stringent credit assessment and put more emphasis on the counterparties' ability to meet obligations out of their cash flows, income, net worth and historical credit records.

The Group has closely monitored the recoverability of the receivables to these counterparties, including considering the reasonableness and supportiveness of both quantitative and qualitative information availables, ensured adequate collateral is received from these counterparties and taken effective measures to ensure timely collection of outstanding balances. Effective measures include periodic visit to customers, regular updates of financial information and obtaining customer's future prospects.

* For identification purpose only

Management has overall responsibility for the Group's credit policies and oversees the credit quality of the Group's receivables and loans portfolio. In addition, management reviews the recoverable amount of loan receivables individually at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

For the year ended 31 December 2022, the provision for impairment loss on loan receivables amounted to approximately HK$20.8 million (2021: reversal of impairment loss on loan receivables of approximately HK$2.7 million), representing an increase of HK$23.5 million. The increase in the provision for impairment loss on loan receivables was mainly due to the fact that a higher expected default rate is used due to the worser macro-economic environment as at 31 December 2022. The Group applies general approach to provide for Expected Credit Loss ("ECL") for loan receivables prescribed by Hong Kong Financial Reporting Standard ("HKFRS") 9 Financial Instruments. Loans receivables are assessed individually by the management of the Group by reference to past default experience, current past due exposure of the debtor, the nature and prospect of the debtor's operation.

In determining whether there have been significant increases in credit risk, the following key criteria are taken into account:

(a) an actual or expected significant deterioration in the borrower's external (if available) or internal credit rating;

(b) significant deterioration in external market indicators of credit risk for the corporate borrower;

(c) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the borrower's ability to meet its debt obligations;

(d) an actual or expected significant deterioration in the operating results of the corporate borrower;

(e) significant increases in credit risk on other financial instruments of the same corporate borrower;

(f) an actual or expected significant adverse change in the regulatory, economic or technological environment of the borrower that results in a significant decrease in the borrower's ability to meet its debt obligations;

(g) status of the loan and interest receivables as at the reporting date, including any breach of contract such as a default or past due event as at the reporting date; and

(h) whether it is probable that the borrower will enter bankruptcy or other financial reorganisation.

A borrower will be regarded as credit-impaired if he is in default of the loan principal, or has entered bankruptcy or other financial reorganisation, or has severely delayed payments of the loan principal or interests.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

For details of the ECL of loan receivables, please refer to note 4.1 to the consolidated financial statements.

Impairment loss/(reversal of impairment loss) on loan receivables categories by nature is set out as below:

	2022 *HK$'million*	2021 *HK$'million*
Entrusted loans	6.8	3.6
Other loans	14.0	(6.3)
Finance leases receivables	—	—
Total	20.8	(2.7)

Movements of impairment loss on loan receivables is set out as below:

	2022 *HK$'million*	2021 *HK$'million*
Balance at the beginning of the year	10.7	13.1
Provision/(reversal of provision of impairment) of impairment of ECL	20.8	(2.7)
Currency realignment	(1.5)	0.3
Balance at the end of the year	30.0	10.7

AA Investment Management Limited ("AA Investment") is a wholly-owned subsidiary of the Company and is a Hong Kong-based wealth management and asset management company which holds Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) Licenses of the Securities and Futures Commission of Hong Kong ("SFC") to carry out regulated activities in the financing services sector. The scope of business of AA Investment encompasses a fully digitalised investment fund dealing and discretionary portfolio management services to retail clients via mobile application. In 2022, AA Investment expanded its investment fund distribution services to financial institution, enabling them to provide investment fund distribution for its retail clients. The company continues to seek break-through in different areas, including exploring new financial products and new business collaboration. We have been considering extending the services by providing Hong Kong stock trading services. We are confident that our proactive business strategy will enable us to become a leader in the industry.

During the year, as AA Investment is still at the initial stage of operation, no income is generated (2021: Nil).

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 shortterm 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 2022, the Group recorded a revenue of HK$178.4 million from other businesses, representing a increase of 9% for 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 million new redeemable preference shares of ZhongAn International for a total subscription price of RMB500 million (equivalent to approximately HK$600.2 million) 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. During the year ended 31 December 2022, all the redeemable preference shares of HK$590.3 million has been fully redeemed.

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 in 2021, 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.

On 2 March 2022, ZhongAn Technology further subscribed for 105,088,530 new ZhongAn International Ordinary Shares. The dilution of the interests in ZhongAn International resulted in a gain of approximately HK$183.6 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 2022. Upon the completion of subscription, ZhongAn Technology, the Company, Warrior and Opportunities Fund hold approximately 47.32%, approximately 41.50%, approximately 8.33% and approximately 2.85% voting interests of the joint venture, respectively.

On 2 September 2022, the Company further subscribed for 156,060,606 new ZhongAn International Ordinary Shares. Details of which are set out in the announcement dated 2 September 2022 and the circular dated 29 December 2022. The subscription has conducted closing on 14 September 2022. Upon closing, ZhongAn Technology, the Company, Warrior and Opportunities Fund hold approximately 44.70%, approximately 44.75%, approximately 7.86% and approximately 2.69% 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 2022, carrying amount of the Group's interest in ZhongAn International amounted to approximately HK$1,568.6 million (31 December 2021: HK$1,069.1 million), representing 14.0% (31 December 2021: 8.5%) of the Group's total assets. As at 31 December 2022, the Company held 1,259,272,864 ZhongAn International Ordinary Shares and the voting interest in ZhongAn International was 44.75% (31 December 2021: 43.21%). The original cost is approximately HK$2,344.7 million. For the year ended 31 December 2022, 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 SAR government's continuing support for the industry, the Board considers its investment in ZhongAn International presents numerous opportunities which are beneficial to the Company.

Through provision of additional funds to ZhongAn International, it will continue to establish and improve its target-oriented team management system, cultivate key talents and expand new business. In addition, ZhongAn International will continue to leverage on the advantage of Hong Kong as an international city to establish a stronghold in Hong Kong. ZhongAn International will continue to leverage synergies of its brands to further upgrade user experience and create more values for users in terms of digital financial and wealth management experience in the future, and continue to assist Hong Kong in developing FinTech, promoting inclusive finance.

While making strenuous efforts to exploit markets in Hong Kong, Japan, Southeast Asia and Europe, the Company believes that ZhongAn International will explore business opportunities in other countries and regions across the globe, seek for more ecosystem partners and continue to export Insurtech solutions and provide integrated financial services.

As of 31 December 2022, the Group's share of loss of ZhongAn International was HK$252.9 million (2021: share of loss of HK$353.5 million), which was mainly attributable to the preliminary development, manpower and business expansion costs incurred by 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. ZA Bank stood out in the highly competitive Hong Kong market with its smooth user experience, rapid iteration and comprehensive product matrix within only three years since its official opening. It has become the local virtual bank with the most complete product line at present, offering 24/7 digital financial services, including deposit, loan, transfer, foreign exchange, consumption, insurance, investment and commercial banking, to cater for the wide range of financial demands of its users and provide Hong Kong residents and Mainland visitors to Hong Kong with breakthrough banking products and services.

ZA Bank has always adhered to the concept of innovation and integrity, and users first (創新守正、用戶為先). With its innovative and safe products and services, ZA Bank has injected new vitality into the digital development of Hong Kong's financial industry. The vision of ZA Bank is to become a bank that provides a one-stop digital platform for personal comprehensive financial management, and step forward with the public to the new era of "Banking 2.0".

As of 31 December 2022, ZA Bank has won the trust and support from over 650,000 retail users. The balance of deposits reached over HK$9.1 billion, and the balance of loans reached over HK$4.8 billion.

At the beginning of 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 SFC and formally launched fund investment services in August 2022. In just 4 months, nearly 100 Hong Kong dollar and US dollar fund products have been successfully introduced in partnership with many top global fund companies.

In April 2022, ZA Bank launched a bancassurance business cooperation with Generali Life (Hong Kong) Limited ("Generali Hong Kong"), creating the solely new O2O bancassurance model in Hong Kong. This cooperation was the first partnership in Hong Kong formed by an internationally renowned insurance company and a leading virtual bank in Hong Kong, combining the century-old expertise of Generali Hong Kong and fintech advantages of ZA Bank, with the common goal of providing quality and innovative financial products to allow customers to manage their personal finance and protection more flexibly and independently. Generali Hong Kong has launched life insurance products on the ZA Bank App. In the first phase of the partnership, five comprehensive life products have been offered, including critical illness, savings, retirement, qualified deferred annuity policies and premium-rebate life plans.

In November 2022, ZA Bank announced a cooperation with Wise, a global technology company, to provide Hong Kong people with cheap and fast international remittance services. The cooperation marks two "firsts": ZA Bank becomes the first bank in Hong Kong to offer international remittance services with zero exchange rate mark-ups or hidden fees, and ZA Bank becomes the first emerging bank to cooperate with Wise Platform in East Asia.

In December 2022, ZA Bank launched a zero-fee currency exchange service to serve users around the clock with a 24-hour foreign exchange trading platform.

In terms of commercial banking business, ZA Bank commenced sandbox trial, an express online business account opening service, in December 2022, and invited 100 small and medium-sized enterprises in Hong Kong to participate, promising to use digital advantages to solve business pain points for small and medium-sized enterprises. During the epidemic, small and medium-sized enterprises in Hong Kong generally faced the challenge of financing difficulties, making opening a company account the key to obtaining sufficient loans in a timely manner. The express online account opening service aims to help ZA Bank fill the financial needs of small and medium-sized enterprises, and lead the market through one-stop online banking services.

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.

As the only fintech company in Hong Kong with both a virtual banking licence and a digital-only insurer licence, ZhongAn International will continue to leverage its advantage of dual licences to create the first fully digital bancassurance for users in Hong Kong through the ZA Bank App. Users can get insurance products provided by ZA Insure in the ZA Bank App in as fast as 3 minutes.

Strictly adhering to its mission to provide protection for customers, ZA Insure provides local residents with insurance products and services that "everyone can afford" through a 24/7 online platform, including life insurance, voluntary medical insurance, cancer insurance, accident insurance and cardiovascular disease insurance. In 2022, ZA Insure also launched "ZA Savings Insurance" through ZA Bank App to provide fundamental protections for users' health and wealth.

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. With headquarter in Singapore, 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.

ZA Tech has made outstanding achievements in the field of Insurtech in many Asian markets, with footprints in Japan, Singapore, Thailand and other Asian markets. In 2021, we further expanded the territory of Insurtech to Europe, and we have completed the launch of our first customer product.

The partners ZA Tech serves can be divided into two categories: insurance companies and Internet platforms. For insurance company customers, Graphene, the next-generation distributed insurance core system ZA Tech built, can help customers connect with various ecosystem partners locally and launch a variety of fragmented and scenario-based protection products. For Internet platform customers, ZA Tech provides an overall insurance and financial solution, Fusion.

In the first half of 2022, ZA Tech further developed our already-expanded overseas markets. In April 2022, ZA Tech reached cooperation with Aladin Bank, the first Islamic digital bank in Indonesia. Both parties will focus on long-term strategic cooperation, including insurance product development and technology export. Aladin Bank, as a new type of Islamic bank, is committed to expanding the Islamic finance territory in Indonesia. By conducting insurance transactions through modern digital means, a wider group of people in Indonesia can have access to digital insurance products at a more affordable price.

Also in April 2022, ZA Tech partnered with local Japanese companies to serve Sumitomo Life Insurance ("Sumitomo"), Japan's leading life insurance group, to jointly launch innovative heatstroke coverage on PayPay, the largest mobile payment platform in Japan, which is widely favoured by the market. In the future, ZA Tech will continue to assist Sumitomo to launch more similar products by virtue of excellent technology to further promote the digitalization of its business.

In May 2022, PT. Web Proteksi Solusindo (WPS), the strategic insurance brokerage partner of ZA Tech, and China Life Insurance Indonesia Co., Ltd ("CLII") have signed a sales cooperation agreement. ZA Tech, as one of the strategic partners of this cooperation, with leading digital Insurtech solutions, can help CLII to further tap into a wider Indonesian market and provide an easier and more efficient insurance application process.

MAJOR ASSOCIATE – ROCKFELLER GROUP ASIA PACIFIC, INC.

The Group's investment in Rockfeller Group Asia Pacific, Inc. ("RGAP") has recognised a net loss of HK$14.4 million (2021: net loss of HK$56.2 million), representing current year fair value loss of HK$202.2 million (2021: HK$210.1 million) and reversal of portion of share of loss of HK$187.7 million (2021: HK$153.8 million), in respect of investment in RGAP being recognised in the profit or loss during the year ended 31 December 2022.

A fair value loss of HK$202.2 million is recognised in current year's profit or loss stemming from loan receivables and amounts due from RGAP (which constituting as part of the total investment in 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 2022, the Group recorded reversal of share of loss of an associate, RGAP, of HK$187.7 million (2021: share of loss of HK$153.8 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 recognised 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 of the Company considered that the investment is a long-term investment, which should be classified into a non-current asset accordingly.

According to HKFRS 9, loan receivable from an associate represents an investment in the project of RGAP; hence this amount is not held within a business model whose objective is to collect contractual cash flows. The loan receivable from an associate is measured at fair value through profit or loss. The directors of the Company assessed the fair value of the loan an associate 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 2022, the directors of the Company reassessed the fair value of such investment after taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate. The fair value loss was HK$202.2 million (2021: HK$210.1 million) for the year ended 31 December 2022.

SIGNIFICANT INVESTMENT

As at 31 December 2022, total equity instruments at fair value through other comprehensive income amounted to HK$1,883.2 million (31 December 2021 (restated): HK$2,377.5 million), mainly representing that of ZhongAn Online owned by the Group of approximately HK$1,741.5 million (31 December 2021 (restated): HK$2,187.3 million), which was measured at fair value at the end of this reporting period. As at 31 December 2022, the significant investment of the Group is as follows:

Description of significant investment	Number of shares held as at 31 December 2022	Percentage of shareholding as at 31 December 2022	Unrealised fair value gain/(loss) recognised in other comprehensive income for the year ended 31 December 2022	Realised fair value gain/(loss) recognised in other comprehensive income for the year ended 31 December 2022	Dividends received for the year ended 31 December 2022	Approximate percentage of the Group's total assets as at 31 December 2022	Cost of investment	Market value * as at 31 December 2022
		%	*HK$'000*	*HK$'000*	*HK$'000*	*%*	*HK$'000*	*HK$'000*
Hong Kong listed shares								
– ZhongAn Online (Stock code: 6060)	81,000,000	5.51	(271,298)	–	–	16	92,000	1,741,500

* 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 Insurance + Technology ("Insurtech") company, incorporated in the PRC with limited liability and is a joint stock company engaged in FinTech business, which provides internet insurance services, insurance information technology services and online banking services to customers.

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

During the year ended 31 December 2022, the gross written premiums of ZhongAn Online was approximately RMB24,005 million, a year-on-year increase of approximately 17.2%; the net loss attributable to owners of the parent company was approximately RMB1,356 million, as compared to a profit attributable to owners of the parent company of RMB1,165 million for the corresponding period in 2021.

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 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 industries, 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 AND USE OF PROCEEDS

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 annual report 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 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 of the Group; and (iii) as additional working capital for the Group.

The Rights Issue was approved by the shareholders of the Company at the special general meeting on 8 March 2021 and the Rights Issue was completed on 15 April 2021. The net proceeds from the Rights Issue (after deducting expenses) are approximately HK$788.2 million.

As of 31 December 2022, 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 *HK$'million*	**Unutilized net proceeds as at 1 January 2022** *HK$'million*	**Actual use of net proceeds during the year** *HK$'million*	**Unutilized net proceeds as at 31 December 2022** *HK$'million*
Repayment of external debts	118.2	—	—	—
Further investment into the FinTech business of the Group	591.2	—	—	—
General working capital	78.8	9.7	9.7	—
Total	788.2	9.7	9.7	—

PROSPECTS

Looking forward, while the global rate hikes may end in 2023, the historic pace of rate hikes already poses serious risks to global economic growth. The United States is likely to experience a recession in 2023 due to monetary policy. Although the United States' economic growth is relatively resilient, it is only a matter of time before debt defaults increase and workers lose their jobs. Still, the U.S. is well-funded in the financial, corporate, and household sectors, so a recession similar to the Great Depression is unlikely.

In 2023, China's macroeconomic environment will improve, and the economic growth rate will increase compared with last year. On the domestic front, the epidemic prevention and control policy has been continuously optimized to better coordinate epidemic prevention and control with economic and social development. Production and life resumed in an orderly manner, leading to a gradual recovery in consumption. Macro policies will also maintain steady growth. Technological innovation and green transformation will promote investments in the manufacturing sector. Infrastructure investment will maintain steady growth, and the real estate market will also reduce the drag on the economy. On the international front, the fall in the inflation rate has slowed down the pace of interest rate hikes by the Federal Reserve. The pressure on the RMB exchange rate and the capital market has eased, which will help stabilize China's financial market.

China's macroeconomic policy will remain relatively loose to support continued economic recovery. In terms of monetary policy, it is expected that China's monetary policy will maintain stability and continuity in 2023, with stable growth as the primary goal of monetary policy. In terms of the economic aggregate, liquidity will be maintained at a reasonable and sufficient level, and money supply and social financing will grow reasonably. On 25 November 2022, the central bank announced that the deposit reserve ratio will be reduced by another 0.25%, releasing about RMB500 billion of long-term funds, providing a suitable liquidity environment for the economic work at the end of the year, and supporting the credit. Meanwhile, the central bank will further promote financial institutions to lower the effective loan interest rate, reduce the comprehensive financing cost of enterprises and the cost of personal consumption credit, increase the investment demand of enterprises and residents, and enhance the endogenous growth momentum of the economy. In terms of the structure, we will continue to make good use of the existing structural monetary policy tools in a reasonable and moderate manner. We will increase support for key areas of financial support, weak links, and industries and market entities severely affected by the epidemic.

In 2023, the decline in the growth rate of China's real estate investment will be reduced, and the drag on the economy will be reduced. From a long-term perspective, China's policy goal is to establish a sound long-term real estate mechanism to achieve a stable and healthy development of the real estate market. The report of the 20th National Congress of the Communist Party of China pointed out that we must insist on the positioning that houses are for living in, not for speculation. Although the real estate market still faces relatively large downside risks in the short term, in the long run, there is still room for China's urbanization process, and families' growing demand for improved housing will support the steady development of China's real estate market.

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

During the year, total revenue of the Group was HK$380.4 million (2021: HK$432.2 million), decreasing by 12% as compared with last year. The decrease in revenue for the year ended 31 December 2022 was mainly due to (i) a week lock-down period in March 2022; (ii) rent concession granted to tenants; and (iii) lowered occupancy rate for our office portion of *Sinolink Tower*.

Other income decreased to approximately HK$130.5 million (2021: HK$176.7 million). The decrease was primarily due to the decrease in dividends from financial assets at fair value through profit or loss.

The Group recorded a net other losses of approximately HK$33.8 million (2021: gain of HK$14.1 million). The net other losses for the year was mainly contributed from the exchange losses arising from the depreciation of RMB during the year.

The total operating costs (including cost of sales, selling and administrative expenses) for the year ended 31 December 2022 was approximately HK$290.9 million (2021: HK$297.9 million), representing a slightly decrease of approximately 2.4%. This was due to the cost control measures implemented by the Group on the overall operating expenses for the year ended 31 December 2022.

The Group recorded a fair value loss of the investment properties of approximately HK$11.5 million (2021: a fair value gain of HK$2.4 million), mainly contributed by the capital depreciation of car parks located in the PRC for rental.

The Group recognised finance costs of approximately HK$46.0 million for the year ended 31 December 2022 (2021: HK$19.5 million). The increase was mainly due to the new drawdowns of bank borrowings of HK$270 million and the increase in interest rate during the year.

The Group recorded loss attributable to the owners of the Company of HK$143.4 million during the year, comparing to a profit attributable to the owners of the Company of HK$190.7 million to last year. This was mainly due to the various factors outlined above and the net effects of the following factors:

(i) a significant increase in net fair value loss on other financial assets at fair value through profit or loss of approximately HK$109.4 million (2021: a net fair value gain of HK$142.2 million);

(ii) a significant decrease in gain on dilution of interests in an associate of approximately from HK$309.2 million to HK$183.6 million; and

(iii) a significant decrease in share of results of associates from HK$193.2 million to HK$60.9 million.

The Group's total borrowings was HK$1,153.6 million as at 31 December 2022 (2021: HK$955.0 million). The borrowings of the Group are denominated in HK$ and is interested at floating rate. They were due for repayment as follows:

	2022	**2021**
	HK$'million	*HK$'million*
Within one year or on demand	102.2	65.4
After one year but within two years	1,051.4	85.9
After two years but within five years	—	803.7
Total	1,153.6	955.0

The management of the Group will continue to evaluate and closely monitor the borrowing portfolio and interest rate risks of the Group, and may consider taking appropriate measures to hedge material interest rate risks when necessary.

CHARGE OF ASSETS

At 31 December 2022, pledged bank deposits of HK$1,164.7 million (2021: HK$930.3 million) and investment properties of HK$516.2 million (2021: HK$563.6 million), were pledged to banks to secure general banking facilities granted to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group's gearing ratio, calculated on the basis of total borrowings over shareholders' equity, was 17.3% as compared with 12.3% (restated) as at 31 December 2021. The Group remained financially strong with a net cash position.

The Group's cash and bank balances amounted to HK$2,704.6 million (including structured deposits, bank deposits, pledged bank deposits, and cash and cash equivalents) as at 31 December 2022 (2021: HK$2,974.4 million), mostly denominated in RMB, HK$ and USD. As at 31 December 2022, the Group has undrawn borrowing facilities of HK$376.4 million (2021: HK$845.0 million) which will be expire within one year.

The Group funds its operations and capital commitments by internal resources, bank borrowings and can be further funded by the potential undrawn borrowing facilities.

We have continued to maintain a healthy and sound financial position and have followed a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved.

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Group operate in the PRC with most of the transactions in relation to operations are denominated and settled in RMB. Fluctuations of RMB exchange rates would impact the Group's net asset value in the preparation of the Group's consolidated accounts. If RMB appreciates/depreciates against HK$, the Group would record a(n) increase/decrease in the Group's net asset value. During the year ended 31 December 2022, in respect of the Group's exposure to potential foreign exchange risks arising from the currency exchange rate fluctuations, it did not make any arrangement or use any financial instruments to hedge against potential foreign exchange risks. However, the management will continue to monitor foreign exchange risks and adopt hedging measures where necessary.

CAPITAL COMMITMENTS

As at 31 December 2022, the Group had commitments of HK$36.8 million in respect of properties under development.

CONTINGENT LIABILITIES

As at 31 December 2022, guarantees offered to banks as security for the mortgage loans arranged for the Group's property buyers amounted to HK$7.1 million (2021: HK$8.6 million).

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group employed approximately 628 full time employees for its principal activities. For the year ended 31 December 2022, the salaries and wages of the employees amounted to approximately HK$131.4 million (2021: HK$136.6 million). The Group recognises 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. Also, a discretionary bonus based on individual performance during the year is distributed to reward the contributions of employees to the Group. The Group also provides training opportunity and other various benefits, such as medical insurance, pension insurance, injury insurance 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.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (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 2022 had been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "AGM") was scheduled to be held on Wednesday, 31 May 2023. 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, 25 May 2023 to Wednesday, 31 May 2023, 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, 24 May 2023.

PROFILES OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Xiang Ya Bo, aged 66, was appointed as the chairman of the board of directors of the Company (the "Chairman") and a member of remuneration committee and nomination committee of the Company on 28 June 2017. He was appointed as an executive director of the Company in 2011 and the chief executive officer in August 2013. Mr. Xiang is the chairman and the general manager of Sinolink Properties Limited, a subsidiary of the Company. He is a brother of Mr. Ou Yaping, a non-executive director and a substantial shareholder of the Company and is an uncle of Mr. Ou Jin Yi Hugo, a non-executive director of the Company. He graduated with an engineering degree. Mr. Xiang has over 37 years of experience in the field of corporate management, investment management and technical administration on computer technologies and e-commerce. Mr. Xiang has not held any directorship in other listed public companies in the past three years.

Mr. Chen Wei, aged 61, was appointed as an executive director of the Company in December 1997. He holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the People's Republic of China (the "PRC"). Mr. Chen was previously employed by a number of large organisations and has over 37 years of experience in engineering, business administration, market development and management. Mr. Chen joined the Group in February 1992 and is responsible for the overall business development, management and strategic planning of the Group. Mr. Chen has not held any directorship in other listed public companies in the past three years.

NON-EXECUTIVE DIRECTORS

Mr. Ou Jin Yi Hugo, aged 31, was appointed as a non-executive director of the Company in January 2016. He was appointed as a non-executive director of ZhongAn Online P & C Insurance Co., Ltd. ("ZhongAn Online"), a company whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 6060), on 3 July 2017 and was re-designated as an executive director on 27 November 2017 and a non-executive director on 28 November 2022 respectively. He is also a member of nomination and remuneration management committee of ZhongAn Online. He obtained a Bachelor's degree in East Asian Studies from Princeton University. Mr. Hugo Ou worked as an associate of the investment team at Thrive Capital. Mr. Hugo Ou had served as an investment manager and the deputy director of the Corporate Development Department of the Company from 2010 to 2012 and 2012 to 2015, respectively. He has extensive experience in reviewing residential and commercial property development deals in the United States and portfolio managing of public and private equities, including stocks, bonds, startups, and private equity firms. Mr. Hugo Ou is a son of Mr. Ou Yaping who is a non-executive director and substantial shareholder of the Company. Mr. Hugo Ou is also a nephew of Mr. Xiang Ya Bo, the Chairman, chief executive officer and an executive director of the Company. Save as disclosed above, Mr. Hugo Ou has not held any directorship in other listed public companies in the past three years.

Mr. Ou Yaping, aged 61, was appointed as the Chairman and an executive director of the Company in December 1997 and re-designated as a non-executive director and resigned as the Chairman and a member of remuneration committee of the Company in August 2013. Mr. Ou is the founder of the Group and the substantial shareholder of the Company. He is the chairman, and was re-designated from an executive director to a non-executive director on 28 November 2022, and the chairman of strategy and investment decision committee of ZhongAn Online, a company whose shares are listed on the Stock Exchange (Stock Code: 6060). Mr. Ou holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC. Mr. Ou is a brother of Mr. Xiang Ya Bo, an executive director, the Chairman and chief executive officer of the Company and the father of Mr. Ou Jin Yi Hugo, a non-executive director of the Company. He is also the director and shareholder of Asia Pacific Promotion Limited, a substantial shareholder of the Company, whose interest in shares of the Company is disclosed in the section of "Substantial Shareholder and Other Persons" in this annual report. Save as disclosed above, Mr. Ou has not held any directorship in other listed public companies in the past three years.

Mr. Tang Yui Man Francis, aged 60, was appointed as an executive director of the Company in September 2001 and the chief executive officer in 2002 and ceased to act as chief executive officer and appointed as the Chairman and a member of the remuneration committee of the Company in August 2013. Mr. Tang was also appointed as a member of nomination committee of the Company since 27 March 2012. Mr. Tang was re-designated as a non-executive director and ceased to act as the Chairman, a member of remuneration committee and nomination committee of the Company on 28 June 2017. He is currently a director of Sinolink Properties Limited, a subsidiary of the Company. Mr. Tang is the vice general manager of ZhongAn Online, a company whose shares are listed on the Stock Exchange (Stock Code: 6060), and was the chief financial officer of ZhongAn Online from 3 July 2017 to 23 March 2020. Mr. Tang holds a Bachelor's degree in Computer Studies from the University of Victoria in Canada and a Master of Business Administration degree from The City University of New York in the United States. Mr. Tang has numerous years of experience in management, accounting and finance. Mr. Tang was responsible for corporate planning, strategic development and financial planning and management of the Group. Mr. Tang has not held any directorship in other listed public companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tian Jin, aged 65, was appointed as an independent non-executive director of the Company in May 2005. He is also a member of audit committee and chairman of nomination committee of the Company. Mr. Tian holds a Bachelor of Arts from Hunan University, Master of Arts from Wuhan University and Doctorate in Administration and Management from Auburn University. He is the Principal of Tur Partners LLC effective from 14 November 2011. Before joining Tur Partners LLC, Mr. Tian served as CEO of Morningstar Asia and chairman of Morningstar China and was a lecturer of Hunan University, visiting professor of Auburn University, director of Academic Technology Development of DePaul University, director of Institutional Planning and Research of DePaul University. Mr. Tian has not held any directorship in other listed public companies in the past three years.

Dr. Xiang Bing, aged 61, was appointed as an independent non-executive director of the Company in December 2008. He is also a member of audit committee, remuneration committee and nomination committee of the Company. Dr. Xiang obtained a Doctoral degree in accounting from the University of Alberta in Canada. Dr. Xiang is currently the founding dean and a professor of the Cheung Kong Graduate School of Business (長江商學院). He is an independent non-executive director, chairperson of nomination committee and a member of audit committee, remuneration committee and environmental, social and governance committee of Longfor Group Holdings Limited, a company listed on the Stock Exchange (Stock Code: 960). Save as disclosed above, Dr. Xiang has not held any directorship in other listed public companies in the past three years.

Mr. Xin Luo Lin, aged 74, was appointed as an independent non-executive director of the Company in June 2002. He is also the chairman of audit committee and remuneration committee and a member of nomination committee of the Company. Mr. Xin is a postgraduate from the Peking University in PRC. He was a research associate at the Waseda University in Japan, an honorary research associate at the University of British Columbia, Canada and a visiting fellow at the University of Adelaide, Australia from 1984 to 1985. He was appointed as a Justice of the Peace in New South Wales of Australia in 1991. Mr. Xin is a co-author of a book titled "China's iron and steel industry policy: implications for Australia". Mr. Xin is also an independent non-executive director, chairman of remuneration committee and member of audit committee and nomination committee of Central China Real Estate Limited, the shares of which are listed on the Stock Exchange (Stock Code: 832) and an independent non-executive director, member of audit committee, remuneration committee and nomination committee of Beijing Sports and Entertainment Industry Group Limited, the shares of which are listed on the Stock Exchange (Stock Code: 1803). Mr. Xin is a director of Daikokuya Holdings Co., Ltd., the shares of which are listed on the Tokyo Stock Exchange (Tokyo Stock Code: 6993). Save as disclosed above, Mr. Xin has not held any directorship in other listed public companies in the past three years.

Note: The Group's businesses are under the direct responsibility of the above executive directors who are the senior management of the Company.

REPORT OF DIRECTORS

The directors of the Company (the “Directors”) present their report and the audited consolidated financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 41 and 18 respectively to the financial statements.

BUSINESS REVIEW

A fair review of the business of the Company and a discussion and analysis of the Group’s performance during the year and the material factors underlying its results and financial position as well as the outlook of the Company’s business are provided in the “Chairman’s Statement” and “Management Discussion and Analysis” from pages 2 to 4 and pages 5 to 20 of this annual report. An analysis of the Group’s performance during the year using financial key performance indicators is provided in the Financial Summary on pages 169 to 170 of this annual report. Description of the principal risks and uncertainties facing the Company can be found throughout this annual report particularly in note 4 to the consolidated financial statements and the “Management Discussion and Analysis” from pages 5 to 20 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is subject to certain laws, rule and regulations concerning environmental protection in Hong Kong (“HK”) and PRC including those in relation to the discharge of gaseous waste, liquid waste and solid waste, the disposal of hazardous substances and noise pollution during the construction and development of projects.

The Group emphasizes on complying with relevant environmental laws and regulations and requires its own staff and construction contractors to comply with the relevant laws and regulations relating to the operation and quality of construction including environmental, labour, social and safety regulations, as well as its own standards.

The Directors believe that the Group is compliance in all material respects with applicable environmental laws and regulations in HK and PRC.

The Group recognises environmental protection is of vital importance to the long-term development of the Group. In order to minimise the environmental impact, the Group will continue to review and improve the effectiveness of its management practices from time to time.

A report containing the prescribed information of environmental, social and governance matters will be published on the Company’s website at the same time of publication of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group’s business are mainly carried out by the Company’s subsidiaries established in HK, PRC and the British Virgin Islands while the Company itself is incorporated in Bermuda with its shares listed on the Main Board of the Stock Exchange. Our establishment and operations accordingly shall comply with relevant laws and regulations in Bermuda, PRC, the British Virgin Islands and HK.

During the year ended 31 December 2022 and up to the date of this report, the Group has complied in material aspects in the relevant applicable laws and regulations that have a significant impact on the businesses and operations of the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group has always paid great attention to and maintained a good working relationship with its suppliers of construction materials, and has been providing quality professional and customer-oriented services for its regional government, markets and customers. The aforementioned suppliers and customers are good working partners creating value for the Group. The Group also values the knowledge and skills of its employees, and continues to provide favourable career development opportunities for its employees.

The Group has not only been committed to providing safe and premium quality property projects to its tenants but also to improving the urban living environment and quality of life overall. Throughout the life-cycle of the property development projects, the Group persistently places its customers at the center of its products and services.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss on page 62 of the annual report.

No interim dividend (2021: Nil) was paid to the shareholders of the Company during the year.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 66 to 67 of this annual report.

The Company's reserves available for distribution to shareholders of the Company as at 31 December 2022 amounted to HK$520,484,000 (2021: HK$609,114,000).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the last five financial years is set out on pages 169 to 170 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements during the year in the investment properties of the Group are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 32 to the consolidated financial statements.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Xiang Ya Bo *(Chairman and Chief Executive Officer)*
Chen Wei

Non-executive Directors:

Ou Jin Yi Hugo
Ou Yaping
Tang Yui Man Francis

Independent Non-executive Directors:

Tian Jin
Xiang Bing
Xin Luo Lin

In accordance with Bye-law 87(1) of the Bye-laws, Mr. Chen Wei, Dr. Xiang Bing and Mr. Xin Luo Lin will retire by rotation at the forthcoming annual general meeting (the "AGM"). Mr. Chen Wei and Mr. Xin Luo Lin, the retiring Directors will, being eligible, offer themselves for re-election. Dr. Xiang Bing will not offer himself for re-election and shall retire from office as an Independent Non-executive Director with effect from the conclusion of the AGM. Dr. Xiang Bing has confirmed that he has no disagreement with the Board and there are no other matters that need to be brought to the attention of the shareholders in relation to his retirement.

The Company has received annual confirmation from each of the Independent Non-executive Directors as regards their independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company considers that each of the Independent Non-executive Directors is independent to the Company.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND SHARE OPTIONS

As at 31 December 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company were as follows:

Long positions in shares or underlying shares of the Company

Name of Directors	Capacity	Interest in shares: Personal interest	Interest in shares: Corporate interest	Interest in shares: Family interest	Total interest in shares	Interest in underlying shares pursuant to share options	Aggregate interest	Approximate percentage of the issued shares of the Company as at 31.12.2022
Chen Wei	Beneficial owner	13,500,000	–	–	13,500,000	3,468,000	16,968,000	0.266%
Ou Yaping	Joint interest and interest of controlled corporation	–	3,272,309,301 (Note)	13,113,738	3,285,423,039	–	3,285,423,039	51.54%
Tang Yui Man Francis	Beneficial owner	21,375,000	–	–	21,375,000	40,460,000	61,835,000	0.970%
Tian Jin	Beneficial owner	–	–	–	–	2,312,000	2,312,000	0.036%
Xiang Bing	Beneficial owner	–	–	–	–	2,312,000	2,312,000	0.036%
Xiang Ya Bo	Beneficial owner	–	–	–	–	40,460,000	40,460,000	0.635%
Xin Luo Lin	Beneficial owner	–	–	–	–	2,312,000	2,312,000	0.036%

Note: These 3,272,309,301 shares of the Company are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO.

Details of the share options granted by the Directors are set out in the below section headed "Directors' Rights to Acquire Shares or Debentures of the Company and Associated Corporation".

Save as disclosed above, as at 31 December 2022, none of the Directors or chief executives of the Company had, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation or any interests which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

Pursuant to the Company's share option scheme adopted in 2012, the Company has granted to certain Directors of the Company options to subscribe for the shares of the Company, details of which as at 31 December 2022 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price *HK$*	Number of shares subject to outstanding options as at 1.1.2022	Number of shares subject to outstanding options as at 31.12.2022	Approximate percentage of the issued shares of the Company as at 31.12.2022
Chen Wei	15.05.2015	15.11.2015-14.05.2025	1.185	1,734,000	1,734,000	0.027%
		15.05.2016-14.05.2025	1.185	1,734,000	1,734,000	0.027%
Tang Yui Man Francis	15.05.2015	15.11.2015-14.05.2025	1.185	20,230,000	20,230,000	0.317%
		15.05.2016-14.05.2025	1.185	20,230,000	20,230,000	0.317%
Tian Jin	15.05.2015	15.11.2015-14.05.2025	1.185	1,156,000	1,156,000	0.018%
		15.05.2016-14.05.2025	1.185	1,156,000	1,156,000	0.018%
Xiang Bing	15.05.2015	15.11.2015-14.05.2025	1.185	1,156,000	1,156,000	0.018%
		15.05.2016-14.05.2025	1.185	1,156,000	1,156,000	0.018%
Xiang Ya Bo	15.05.2015	15.11.2015-14.05.2025	1.185	20,230,000	20,230,000	0.317%
		15.05.2016-14.05.2025	1.185	20,230,000	20,230,000	0.317%
Xin Luo Lin	15.05.2015	15.11.2015-14.05.2025	1.185	1,156,000	1,156,000	0.018%
		15.05.2016-14.05.2025	1.185	1,156,000	1,156,000	0.018%

Notes:

1. The vesting period of the share options is from the date of grant until the commencement date of the exercise period.
2. These options represent personal interest held by the Directors as beneficial owners.

Other than the share option scheme of the Company mentioned below, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEMES OF THE COMPANY

(A) 2012 Share Option Scheme

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the Board may, at its discretion, offer any employees of the Group or any directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years from the date of its adoption. The 2012 Share Option Scheme expired on 16 May 2022. No further options shall thereafter be offered under the 2012 Share Option Scheme but the options which had been granted during its life shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2012 Share Option Scheme shall remain in full force and effect.

The 2012 Share Option Scheme is a share incentive scheme and is established to enable the Group to, (i) recognise and acknowledge the contributions that Eligible Persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible quality of employees and other Eligible Persons; (iii) motivate the Eligible Persons to optimise their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to Eligible Persons. The Eligible Persons include (a) any full time or part time employees of the Group or any Directors of the Company or any of its subsidiaries; (b) any customer, supplier or provider of services, landlord or tenant, agent, partner, consultant, or adviser of or a contractor to or person doing business with any member of the Group; (c) trustee of an member of any trust the principal beneficiary of which is, or discretionary trust the discretionary objects of which include, any person referred to (a) or (b) above; (d) a company wholly beneficially owned by any person referred to in (a) or (b) above, and (e) such other persons (or classes of persons) as the Board may in its absolute discretion determine.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the date of grant. The minimum period for which a share option must be held before it can be exercised would be determined by the Board.

The total number of shares of the Company in respect of which options may be granted under the 2012 Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue on the date of its adoption ("Scheme Mandate Limit"), without prior approval from the Company's shareholders. The Company may seek approval of its shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of shares of the Company in respect of which options may be granted under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceeded 10% of the shares of the Company in issue as at the date of the approval to renew the Scheme Mandate Limit. The number of shares of the Company in respect of which options may be granted to any Eligible Person in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. In addition, the number of shares of the Company in respect of which options may be granted to any Eligible Person (who is a substantial shareholder or an Independent Non-executive Director of the Company, or any of their associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of shares in issue and HK$5,000,000 in an aggregate value, based on the closing price of the shares of the Company at the date of each grant, without prior approval from the Company's shareholders.

The exercise price for the share options under the 2012 Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Eligible Persons and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share of the Company on the date on which an option is granted.

Consideration of HK$1 is payable by each Eligible Person for acceptance of a grant of option.

A total of 637,400,309 shares (representing approximately 10% of the existing issued shares of the Company), as refreshed by shareholders at the annual general meeting held on 28 May 2021, might be granted until the date of expiry of the 2012 Share Option Scheme on 16 May 2022 and a total of 131,784,000 shares (representing approximately 2.07% of the existing issued shares of the Company as at the date of annual report) may be issued upon exercise of all options which had been granted and yet to be exercised under the 2012 Share Option Scheme.

The number of options available for grant under the 2012 Share Option Scheme was 505,616,309 as at 1 January 2022 and 0 as at 31 December 2022 respectively:

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price *HK$*
2015A Option	15.05.2015	15.11.2015-14.05.2025	1.185
	15.05.2015	15.05.2016-14.05.2025	1.185
2015B Option	15.05.2015	15.11.2015-14.05.2025	1.185
	15.05.2015	15.05.2016-14.05.2025	1.185
	15.05.2015	15.11.2016-14.05.2025	1.185

The following table discloses movements in the Company's share options granted under the 2012 Share Option Scheme during the year:

	Option types	Outstanding at 1.1.2022	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2022
Category 1: Directors						
Chen Wei	2015A Option	3,468,000	–	–	–	3,468,000
Tang Yui Man Francis	2015A Option	40,460,000	–	–	–	40,460,000
Tian Jin	2015A Option	2,312,000	–	–	–	2,312,000
Xiang Bing	2015A Option	2,312,000	–	–	–	2,312,000
Xiang Ya Bo	2015A Option	40,460,000	–	–	–	40,460,000
Xin Luo Lin	2015A Option	2,312,000	–	–	–	2,312,000
Total for Directors		91,324,000	–	–	–	91,324,000
Category 2: Employees						
	2015B Option	40,460,000	–	–	–	40,460,000
Total for employees		40,460,000	–	–	–	40,460,000
All categories		131,784,000	–	–	–	131,784,000

Notes:

1. The vesting period of the share options is from the date of grant until the commencement date of the exercise period.
2. During the year, no options were granted, exercised, lapsed or cancelled under the 2012 Share Option Scheme.

(B) 2022 Share Option Scheme

A new share option scheme was adopted by shareholders of the Company at the annual general meeting on 31 May 2022 (the "2022 Share Option Scheme"), under which the Board may, at its discretion, offer any employees of the Group or any directors of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2022 Share Option Scheme has a life of 10 years from 31 May 2022.

The 2022 Share Option Scheme is a share incentive scheme and is established to enable the Group to: (i) recognise and acknowledge the contributions that Eligible Persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible quality of employees and other Eligible Persons; (iii) motivate the Eligible Persons to optimise their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to Eligible Persons.

The Eligible Persons include (a) any full time or part time employees of the Group or any directors of the Company or any of its subsidiaries; (b) any consultant or adviser of any member of the Group; (c) trustee of an member of any trust the principal beneficiary of which is, or discretionary trust the discretionary objects of which include, any person referred to (a) or (b) above; (d) a company wholly beneficially owned by any person referred to in (a) or (b) above.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the date of grant. The minimum period for which a share option must be held before it can be exercised would be determined by the Board.

The total number of shares of the Company in respect of which options may be granted under the 2022 Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue on the date of its adoption ("Scheme Mandate Limit"), without prior approval from the Company's shareholders. The Company may seek approval of its shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of shares of the Company in respect of which options may be granted under the 2022 Share Option Scheme and any other share option schemes of the Company must not exceeded 10% of the shares of the Company in issue as at the date of the approval to renew the Scheme Mandate Limit. The number of shares of the Company in respect of which options may be granted to any Eligible Person in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. In addition, the number of shares of the Company in respect of which options may be granted to any Eligible Person (who is a substantial shareholder or an Independent Non-executive Director of the Company, or any of their associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of shares in issue and HK$5,000,000 in an aggregate value, based on the closing price of the shares of the Company at the date of each grant, without prior approval from the Company's shareholders.

The exercise price for the share options under the 2022 Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Eligible Persons and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share of the Company on the date on which an option is granted.

Consideration of HK$1 is payable by each Eligible Person for acceptance of a grant of option.

A total of 637,400,309 shares (representing approximately 10% of the existing issued shares of the Company as at the date of adoption of 2022 Share Option Scheme, the beginning and the end of the financial year ended 31 December 2022 and the date of this annual report), may be granted under the 2022 Share Option Scheme.

The Company had not granted any options pursuant to the 2022 Share Option Scheme snice its adoption.

Additional information in relation to the 2012 Share Option Scheme and 2022 Share Option Scheme are set out in note 33 to the consolidated financial statements.

The Company should comply with the new requirements under the amended Chapter 17 of the Listing Rules in respect of the matters of share options.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to "Share Option Schemes of the Company", no equity-linked agreements were entered into during the year or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

The Bye-Laws of the Company provides that for the time being acting in relation to any of the affairs of the Company, every director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all losses, damages and expenses which he shall or may incur or sustain by or by reason of any act done about the execution of duties of his office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

DIRECTORS' SERVICE CONTRACT

There is no unexpired directors' service contract which is not terminable by the Company within one year of any Director proposed for re-election at the forthcoming AGM.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as is known to any Director or chief executive of the Company, shareholders of the Company (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as at 31 December 2022 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in shares or underlying shares of the Company

Name of shareholder	Capacity/Nature of Interest	Interest in Shares	Interest in Derivatives	Total Interests	Approximate percentage of the Company's issued shares at 31.12.2022
Asia Pacific (Note)	Beneficial owner/Beneficial interest	3,272,309,301	–	3,272,309,301	51.34%

Note:

The 3,272,309,301 shares of the Company are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO. His interests are disclosed in the section headed "Directors' Interests or Short Positions in Shares and Share Options" above.

Save as disclosed above, as at 31 December 2022, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, there were no transactions which need to be disclosed as connected transactions and continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 43 to the consolidated financial statements. Those related party transactions did not constitute connected transactions under the Listing Rules.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2022, the aggregate amount of financial assistance to associated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the associated companies as at 31 December 2022 is presented as follows:

	HK$'000
Non-current assets	6,656,861
Current assets	1,803,552
Current liabilities	(857,098)
Non-current liabilities	(9,557,661)
Net liabilities	(1,954,346)

The Group's attributable interest in the associated companies as at 31 December 2022 comprised net liabilities of HK$935,768,000.

The proforma combined statement of financial position of the associated companies has been prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies as 31 December 2022.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of the operating cost attributable to the Group's five largest suppliers was less than 30% during the year. The percentage of the revenue attributable to the Group's five largest customers was less than 30% during the year.

None of the Directors, their close associates or any shareholders, which to the knowledge of the Directors, owned more than 5% of the Company's issued shares, had an interest in the share capital of any of the five largest suppliers and customers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws of Bermuda.

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 during the year ended 31 December 2022.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the Directors are determined having regard to the Company's operating results, individual performance and comparable market statistics. No Director, or any of his associates, and executive is involved in dealing his own remuneration.

The Company has adopted share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in note 33 to the consolidated financial statements and under the heading "Share Option Schemes of the Company" of this report.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2022 have been audited by Messrs. PricewaterhouseCoopers, Certified Public Accountants, Hong Kong. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. PricewaterhouseCoopers, as the auditor of the Company.

At the annual general meeting of the Company held on 31 May 2022, Messrs. Deloitte Touche Tohmatsu retired as the auditor of the Company and Messrs. PricewaterhouseCoopers was appointed as the new auditor of the Company.

On behalf of the Board
Sinolink Worldwide Holdings Limited

Xiang Ya Bo
Chairman & Chief Executive Officer
Hong Kong, 22 March 2023

CORPORATE GOVERNANCE PRACTICES

Having established a good, credible and dynamic foundation for corporate governance practices in the Company since 2005, the Company continues to ensure the transparency and protection of shareholders' interest, as well as the stakeholders' interests.

The Company has adopted all the code provisions as set out in the Corporate Governance Code (the "Code") set out in Appendix 14 to the Listing Rules as its own corporate governance practices.

The Company understood the importance on sound corporate governance practices and recognised the changing regulatory environment. Therefore, the theme of the corporate governance practices in the Company has gone through an evolving process, from implementing the Code, evaluating the effectiveness of the Code, and responding to the rapid changes and continuous development in our corporate governance practices, if necessary.

The Board has established the Group's purpose, values and strategy, and has satisfied itself that the Group's culture is aligned. Acting with integrity and leading by example, the Directors promote the desired culture to instill and continually reinforce across the Group the values of acting lawfully, ethically and responsibly.

During the year, the Company has complied with the code provisions as set out in the Code in Appendix 14 of the Listing Rules save as disclosed below.

Pursuant to code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year, Mr. Xiang Ya Bo has undertaken both the roles of the Chairman of the Board and the Chief Executive Officer of the Company. Having considered the current business operation and the size of the Group, the Board is of the view that Mr. Xiang Ya Bo acting as both the Chairman of the Board and also as the Chief Executive Officer of the Company is acceptable and in the best interest of the Group. There are adequate balance of power and safeguards in place. The Board will review and monitor this situation periodically and would ensure that the present structure would not impair the balance of power of the Company.

BOARD OF DIRECTORS

Composition

The Board currently comprises 8 members (each member of the Board, a "Director"). Mr. Xiang Ya Bo, an Executive Director, acts as the Chairman and Chief Executive Officer of the Company. Other Executive Director is Mr. Chen Wei and Non-executive Directors are Mr. Ou Jin Yi Hugo, Mr. Ou Yaping and Mr. Tang Yui Man Francis. The Company has 3 Independent Non-executive Directors, namely Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin, and all Independent Non-executive Directors possess appropriate professional accounting experience and related financial management expertise and represent at least one-third of the Board.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 21 to 22 of this annual report.

Each of the Independent Non-executive Directors has confirmed, in accordance with Rule 3.13 of the Listing Rules, that he is independent of the Company and the Company also considers that they are independent.

Save for the family relationship between Mr. Ou Yaping, Mr. Xiang Ya Bo and Mr. Ou Jin Yi Hugo as disclosed in the biographical details on page 21 of this annual report, there is no other relationship (including financial, business, family or other material/relevant relationship) between any other members of the Board and in particular, the Chairman and the Chief Executive Officer.

Pursuant to the Bye-laws of the Company (the "Bye-laws"), the Directors shall hold office subject to retirement by rotation at the annual general meeting of the Company at least once every three years. In addition, any Director appointed by the Board during a year, whether to fill a casual vacancy or as additional member to the Board, shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election in that meeting. The term of office of each Non-executive Director (including the Independent Non-executive Director) is for a period of 1 year from 1 January 2023 to 31 December 2023 subject to retirement by rotation and re-election in accordance with the Bye-laws.

Responsibilities of the Board and Management

The Board, headed by the Chairman, is responsible for providing high-level guidance and effective oversight of the management of the Company, formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management in accordance with the regulations governing the meetings of the Board and the Bye-laws.

The Executive Directors are responsible for day-to-day management of the Company's operations. The Executive Directors conduct regular meetings with the management of the Group, at which operational issues and financial performance are evaluated.

The Company considers that internal control system and risk management function are essential and that the Board plays an important role in implementing and monitoring internal financial control and risk management.

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration and operation of the Company, etc., are reviewed by the Board on a periodic basis. The management shall report back to the Board.

The procedures to enable the Directors to seek independent professional advice in appropriate circumstances at the Company's expenses, was established.

The Bye-laws state the responsibilities and operational procedures of the Board. The Board meets at least 4 times a year at regular intervals to consider operational reports and financial results of the Company and policies.

During the year 2022, the Board held 4 regular Board meetings (within the meanings of the Code) at approximately quarterly intervals and any Board meetings convened when necessary. Due notice and Board papers were given to all Directors prior to each regular Board meeting in accordance with the Code and the Bye-laws. An annual general meeting was also held during the year. Details of individual attendance of the Directors in respect of 4 regular Board meetings and the annual general meeting are set out below:

	No. of meeting(s) attended	
	Regular Board Meetings	**Annual General Meeting**
Executive Directors		
Xiang Ya Bo *(Chairman and Chief Executive Officer)*	4	1
Chen Wei	4	1
Non-executive Directors		
Ou Jin Yi Hugo	4	1
Ou Yaping	4	1
Tang Yui Man Francis	4	1
Independent Non-executive Directors		
Tian Jin	4	1
Xiang Bing	3	1
Xin Luo Lin	4	1

Directors' Induction and Continuous Professional Development

On appointment to the Board, each newly appointed Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and management to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, the Directors are provided with written materials to develop and refresh their professional skills. The Company also organises and arranges seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the year, the Company organised for the Directors and management an in-house workshop on responsibilities of directors of listed companies.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the Code on continuous professional development during the year:

	Corporate Governance/Updates on laws, rules and regulations	
	Read materials	**Attend briefings/ in-house workshop**
Executive Directors		
Xiang Ya Bo *(Chairman and Chief Executive Officer)*	√	√
Chen Wei	√	√
Non-executive Directors		
Ou Jin Yi Hugo	√	√
Ou Yaping	√	√
Tang Yui Man Francis	√	√
Independent Non-executive Directors		
Tian Jin	√	√
Xiang Bing	√	√
Xin Luo Lin	√	√

Chairman and Chief Executive Officer

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 the Chief Executive Officer of the Company from 28 June 2017 onward is acceptable and in the best interest of the Group. The Board will review this situation periodically.

The Chairman provides leadership for the Board and oversees the Board so that it acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account matters proposed by other Directors. The Chairman has overall responsibility for providing leadership, vision and direction regarding business development of the Group. During the year, the Chairman had held a meeting with the Independent Non-executive Directors without the presence of the Executive Director and the Non-executive Directors.

The Chief Executive Officer, assisted by the other Executive Director, is responsible for the day-to-day business management and operations of the Group for formulating and successfully implementing policies and for maintaining an effective executive support team. The Chief Executive Officer is accountable to the Board for keeping all Directors fully informed of all major business developments and issues.

Responsibilities of Directors

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

— attending regular Board meetings and focusing on business development and strategy, operational issues and financial performance;

— review, approval and the monitoring of all material policies, including risk management, internal control, dividend policy and other significant financial and operational matters;

— active participation on the respective board of directors of the subsidiaries and associated companies of the Company;

— approval of annual budgets and business plan for each operating company covering strategy, financial and business performance, key risks and opportunities;

— monitoring the quality, timeliness, relevance and reliability of internal and external reporting;

— monitoring and managing potential conflicts of interest of senior management, Board and shareholders of the Company;

— considering misuse of corporate assets and abuse of related party transactions; and

— ensuring processes in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to fulfill their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

Corporate Governance functions

The Board is responsible for performing the following corporate governance duties as required under the Code:

— to develop and review the Company's policies and practices on corporate governance;

— to review and monitor the training and continuous professional development of the Directors and senior management;

— to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

— to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; and

— to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year, the Board considered the following corporate governance matters:

— review of the policies (including shareholders communication policy, etc.) and practices on corporate governance and compliance with legal and regulatory requirements adopted by the Company, training for the Directors and senior management and code of conduct and compliance manual, etc.;

— review of the compliance with the Code and disclosure of the Corporate Governance Report; and

— review of the effectiveness of the risk management and internal control systems of the Company with the assistance of the Audit Committee.

Board Committees

A number of committees of the Board, including the Audit Committee, Nomination Committee and Remuneration Committee, have been set up by the Company, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise.

Remuneration Committee

The Remuneration Committee comprises one Executive Director, being Mr. Xiang Ya Bo, and two Independent Non-executive Directors, being Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The terms of reference of the Remuneration Committee have complied with the Code which are posted on the website of the Company at www.sinolinkhk.com.

The Remuneration Committee's responsibilities include reviewing, considering and making recommendations to the Board on (i) the Company's remuneration policy for the Directors and senior management, (ii) remuneration packages for individual Executive Directors and senior management including benefits in kind, pension rights and compensation payments (under code provision E.1.2(c) (ii)), and (iii) remuneration of the Non-executive Directors, etc.

During the year 2022, the Remuneration Committee:

— reviewed the remuneration policy for 2022/2023;

— reviewed the remuneration of the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors and management year-end bonus;

— assessed performance of the Executive Directors, reviewed and approved the services agreement of the Executive Directors;

— made recommendations to the Board on the above matters; and

— review the amendments to the term of reference.

The Remuneration Committee held 1 meeting during 2022 with individual attendance as follows:

Members of Remuneration Committee	No. of meeting(s) attended
Xin Luo Lin *(Chairman of the Remuneration Committee)*	1
Xiang Bing	1
Xiang Ya Bo	1

The remuneration of the members of the senior management (being the two Executive Directors) by band for the year ended 31 December 2022 is set out below:

Remuneration bands (HK$)	Number of person(s)
2,000,001 to 3,000,000	1
4,000,001 to 5,000,000	1

Further particulars regarding the Directors' remuneration and other remuneration related matters as well as the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 11 to the consolidated financial statements.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The Audit Committee reports directly to the Board and reviews financial statements and internal controls in order to protect the interests of the Company's shareholders.

The Audit Committee meets regularly with the Company's external auditor, at least twice a year, to discuss accounting issues, and reviews effectiveness of internal controls and risk evaluation. Written terms of reference, which describe the authority and duties of the Audit Committee are reviewed and updated by the Board, when necessary. The terms of reference of the Audit Committee have complied with the Code which are posted on the website of the Company at www.sinolinkhk.com.

During the year 2022, the Audit Committee:

— reviewed the financial statements for the year ended 31 December 2021 and for the six months ended 30 June 2022;

— reviewed the effectiveness of the risk management and internal control systems;

— reviewed the internal and external auditor's findings;

— reviewed and approved remuneration of auditor for financial year of 2021 and recommended the re-appointment of external auditor; and

— reviewed the implementation of policy for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters, and the whistleblowing policy.

As at 31 December 2022, the arrangement for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters was in place. No reporting has been received by the Audit Committee during the year.

The Audit Committee held 4 meetings during the year 2022 with individual attendance as follows:

Members of Audit Committee	No. of meeting(s) attended
Xin Luo Lin *(Chairman of the Audit Committee)*	4
Tian Jin	4
Xiang Bing	3

Nomination Committee

The Nomination Committee comprises one Executive Director, being Mr. Xiang Ya Bo and three Independent Non-executive Directors, being Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Tian Jin.

The terms of reference of the Nomination Committee have complied with the Code which are posted on the website of the Company at www.sinolinkhk.com.

The Nomination Committee's responsibilities include reviewing and recommending the structure, size and composition of the Board and any change thereon; assessing the independence of the Independent Non-executive Directors and recommending the re-election of Directors, etc.

During the year 2022, the Nomination Committee:

— reviewed the structure, size and composition (including the skills, knowledge, diversity and experience) of the Board;

— reviewed the board diversity policy and its implementation;

— assessed the independence of the Independent Non-executive Directors; and

— reviewed and made recommendations to the Board on re-election of retiring directors at the 2022 annual general meeting.

The Nomination Committee held 1 meeting during the year 2022 with individual attendance as follows:

Members of Nomination Committee	No. of meeting(s) attended
Tian Jin *(Chairman of the Nomination Committee)*	1
Xiang Bing	1
Xin Luo Lin	1
Xiang Ya Bo	1

In considering the nomination of re-appointment of directors, the Nomination Committee assessed the relevant candidates on criteria such as integrity, experience, skill, professional qualifications, independent mind and ability to commit time etc, and made recommendation to the Board for approval. There was no change in the composition of the Board during the year.

With the nomination of the Nomination Committee and recommendation of the Board, Mr. Chen Wei and Mr. Xin Luo Lin, the retiring Directors, are proposed for re-election by shareholders of the Company at the forthcoming 2023 annual general meeting. Dr. Xiang Bing, one of the retiring Directors, will not offer for re-election at the forthcoming 2023 annual general meeting.

BOARD DIVERSITY POLICY

The Company has formulated the board diversity policy in August 2013 and amended on 13 December 2022 aiming at setting out the approach on diversity of the Board of the Company.

The Board recognises the importance of having a diverse Board in enhancing the Board effectiveness and corporate governance. A diverse Board will include and make good use of differences in the talents, skills, regional and industry knowledge and experience, education, background and other qualities, etc. of Directors and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Nomination Committee has responsibility for identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and reviewing effectiveness of the Board annually.

The Nomination Committee is also responsible for reviewing and reporting to the Board in relation to Board diversity.

Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board annually.

The Board considers that Board diversity, including gender diversity, is a vital asset to the business.

At present, the Nomination Committee has not set any measurable objectives to implement the board diversity policy. However, it will consider and review the board diversity policy and setting of any measurable objectives from time to time. The Board reviews the implementation and effectiveness of the board diversity policy on an annual basis.

The Company is conscious of maintaining a Board made up with an appropriate level of female members. Although the Board is currently of all male members, the Company will endeavor to achieve gender diversity by appointing at least one female Board member by no later than 31 December 2024. While conscious efforts are being taken by the Company to fulfil its pledges, all appointments are ultimately made on a merit basis taking into account available and suitable candidates.

The Board will use its best endeavors to appoint female Directors to the Board (taking into consideration the management continuity and the timeline for retirement and re-election of Directors under the Bye-laws) and the Nomination Committee will seek to identify and recommend suitable female candidates to the Board for its consideration on nomination of a Director, based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, industry experience, skills, knowledge and length of service in related business areas. The Company will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that the Company will have a pipeline of female management and potential successors to the Board in due time to ensure gender diversity of the Board. The Group will continue to emphasize training of female talent and provide long-term development opportunities for female staff.

As at 31 December 2022, the Group had about 628 full-time employees, comprising of approximately 187 females and 441 males (that is, a gender ratio of approximately 30% female to 70% male). The Group will continue to strive for gender diversity and increase the female-to-male ratio in the whole workforce in order to reflect the gender equality principle generally adhered by the Group. The Board is mindful of the objectives for the factors as set out above for assessing the candidacy of the Board members, and will ensure that any successors to the Board shall follow the board diversity policy. Similar considerations shall also be in place to assess the candidacy of the senior management team from time to time. Traditionally, the property industry has been short of female talents in China due to culture influences. However, the Group is determined to maintain gender diversity and equality in terms of the whole workforce, and to procure the senior management team to achieve gender equality in terms of the gender ratio in the coming years. The Company expects the above is achievable with suitable effort in promoting the gender diversity culture.

MECHANISMS ENSURING INDEPENDENT VIEWS AVAILABLE TO THE BOARD

The Company has established the following mechanisms to ensure a strong independent element on, and independent views and input are available to, the Board.

(i) The Board endeavours to ensure the appointment of at least three Independent Non-executive Directors and at least one-third of its members being Independent Non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time).

(ii) Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, Independent Non-executive Directors will be appointed to all Board committees as far as possible to ensure independent views are available.

(iii) The Nomination Committee must strictly adhere to the Nomination Policy and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of Independent Non-executive Directors.

(iv) Each Independent Non-executive Director is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence.

(v) The Nomination Committee is mandated to assess annually the independence of all Independent Non-executive Directors by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement.

(vi) Independent Non-executive Directors (as other directors) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

(vii) Independent Non-executive Directors (as other directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.

(viii) The Chairman of the Board shall at least annually hold meetings with the Independent Non-executive Directors without the presence of other Directors to discuss major issues and any concerns.

The Board shall make an annual review of the implementation and effectiveness of the above mechanisms. The Board has examined and reviewed the above mechanisms and is of the view that they have been duly implemented and effective during the year ended 31 December 2022.

NOMINATION POLICY

The Nomination Committee has formulated and set out a nomination policy ("Nomination Policy"). The objective of the Nomination Policy is to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. To ensure changes to the Board composition can be managed without undue disruption, a formal, considered and transparent procedure is in place for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary). The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his or her ability to devote sufficient time and attention to the affairs of the Company and contribution to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities.

DIRECTORS' REMUNERATION POLICY

The Company has established a formal and transparent policy on Directors' remuneration and other remuneration related matters. Such remuneration policy is to ensure that all Directors, are sufficiently compensated for their efforts and time dedicated to the Company and remuneration offered is appropriate for their duties and in line with market practice. No Director, or any of his/her associates, is involved in deciding his/her own remuneration.

According to such directors' remuneration policy, the policy and structure for the remuneration of Directors are set out below:

(a) Independent Non-executive Directors and Non-executive Directors receive a basic fee and other discretionary remuneration. Such basic fee is set at a level that reflects the competencies and contribution required in view of the Group's complexity, the extent of the responsibilities and the number of Board meetings or relevant meetings of the Board committee(s) that he or she has to attend. In addition to the basic fee, Independent Non-executive Directors and Non-executive Directors receive compensation for being chairman of the Board committee(s) if he or she is not the Chairman of the Board. Generally the Company shall not grant equity-based remuneration with performance related elements to Independent Non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

(b) When Executive Directors are employed on a contractual basis, their remuneration is fixed according to current market rates and conditions in Hong Kong and PRC (where applicable) and subject to reassessment annually or periodically, as mutually agreed between the Company and executive Directors. The Remuneration Committee should consult the Chairman of the Board about their proposals relating to the remuneration of other Executive Directors and have access to professional advice if considered necessary. Executive Director's remuneration consists of both variable and non-variable elements. The total level of the non-variable elements of the remuneration is determined by taking into consideration the job description and responsibilities and the Group's magnitude and complexity. Executive Directors may also receive other benefits, including but not limited to, defined contribution retirement scheme plan, plan providing for hospitalization and outpatient benefits, accommodation benefit, and use of company car. The variable element is discretionary in nature and consists of year-end bonuses on the basis of both the Executive Director's and the Group's performances as recommended by the Chairman of the Board and approved by the Remuneration Committee and the Board.

DIVIDEND POLICY

The dividend policy adopted by the Company in December 2018 is intended to be prudent and sustainable, and will be evaluated from time to time. The Company does not have any predetermined dividend payout ratio. The Company currently intends to retain most, if not all, of its available funds and any future earnings to operate and expand its business.

Subject to compliance with applicable rules and regulations, the Board may, at its discretion, determine the declaration of payment of dividend(s) to its shareholders in any amount, frequency in any financial year depending on, among other things, the Company's operation and financial performance, liquidity condition, capital requirements, future funding needs, contractual restrictions, availability of reserves and prevailing economic climate.

ANTI-CORRUPTION AND BRIBERY POLICY AND WHISTLEBLOWING POLICY

The Company has established (i) policy and systems that promote and support anti-corruption and bribery laws and regulations; and (ii) a whistleblowing policy and system for employees and those who deal with the Company such as customers and suppliers to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Company.

The Group's employees are expected to comply with all applicable laws, rules and regulations in relation to anti-corruption and bribery. Every employee has a duty to report any potential violations of the anti-corruption and bribery policy and any employee who receives an offer of bribery must immediately report to his/her supervisor and/or the Chairman of the Board. Employee may also report any actual or suspected breach of the anti-corruption and bribery policy in accordance with the reporting channels and process stated in the Company's whistleblowing policy. For further details of the Company's anti-corruption and bribery policy and whistleblowing policy, please refer to the section of 4.1 in the Company's environmental, social and governance ("ESG") report published on the same date of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 2022, all Directors have complied with the required standard set out in the Model Code.

The Company also has written guidelines regarding securities transactions on terms no less exacting than the required standard set out in the Model Code for management and any individuals who may have access to inside information in relation to the securities of the Company.

EXTERNAL AUDITOR

The external auditor of the Company is Messrs. PricewaterhouseCoopers ("PwC"). PwC provided professional services in respect of the audit of Company's consolidated financial statements prepared under Hong Kong Financial Reporting Standards ("HKFRSs") for the year ended 31 December 2022. PwC also reviewed the 2022 unaudited interim financial report of the Company prepared under HKFRSs.

Fees charged by PwC in respect of audit services for the year 2022 amounted to HK$4,150,000. Non-audit services fees including review of the interim financial report of the Company for the six months ended 30 June 2022 amounted to HK$630,000.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to ensure the Company maintains sound and effective risk management and internal control systems and to review their effectiveness on an ongoing basis. The Group's risk management and internal control systems are designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. Review of the Group's internal controls covers major financial, operational and compliance controls, as well as risk management functions. The controls built into the risk management and internal control systems are designed to manage, not eliminate, the risks of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management framework includes the following elements:

- identify significant risks (including ESG risks) in the Group's operation environment and evaluate the impacts of those risks on the Group's business;
- develop necessary measures to manage those risks (including ESG risks); and
- monitor and review the effectiveness of such measures.

The implementation of risk management framework of the Group was assisted by the Group's internal audit team, representatives from major departments of the Company, and by engaging independent professional adviser, as a whole, to perform internal audit function. During the year ended 31 December 2022, Vision & Co. CPA Limited was engaged to conduct independent review of certain internal control matters and no significant deficiency was found during the review. On this basis, the Group could ensure new and emerging risks relevant to the Group's operation are promptly identified by management, assess the adequacy of action plans to manage these risks and monitor and evaluate the effectiveness of the action plans. These are on-going processes and the Audit Committee and the Board review at least annually the Group's risk management and internal control systems.

Audit committee reported to the Board the implementation of the Group's risk management and internal control policies which, among other things, included the determination of risk factors, evaluation of risk level and internal controls the Group could take, and the effectiveness of risk management and internal control measures. Based on the reports from the Group's internal audit team, representatives from major departments of the Company and independent professional adviser, and the Audit Committee, the Board considers that the Group's risk management and internal control systems are adequate and effective and the Group has complied with the provisions on risk management and internal controls as set out in the Code.

During the year, the Audit Committee and the Board have conducted a review of the effectiveness of the risk management and internal control systems of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management system and consideration of adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions, as well as those relating to the Company's ESG performance and reporting. Based on the results of the review, the systems were satisfactory with no major irregularities reported and the Group would take steps to further enhance the effectiveness of the risk management and internal control systems.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

For the purposes of handling and disseminating inside information, the Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to all Directors and the relevant employees regularly, disseminating information to specified persons on a need-to-know basis and regarding closely to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

The Company has a policy of open communication which allows strong access to both internally and externally generated information. Pertinent information is identified, captured and communicated in a timely manner. The policy has been reviewed by the board in December 2022.

The Company provides each employee with an employee manual, which states how employees can communicate with the Company in case any problem arises. The Company considers this as a mechanism to help encourage communications between the Company and employees. Moreover, regular meetings are held to provide an avenue for mutual understanding between the Company and employees. The Company has also made arrangements for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control and other matters.

The Company attaches great importance to fair disclosure as it is considered a key means by which to enhance corporate governance standards and provide necessary information to shareholders and other stakeholders, to enable them to form their own judgments, as well as providing feedback to the Company. The Company also understands that the integrity of the information provided is essential in building market confidence.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is well aware of its obligations under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that information which is considered as inside information should be announced promptly when it is the subject of a decision
- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information"
- informs all Directors, senior management and related staff of the latest regulations and requirements according to the letters issued or announcements published by the Securities and Futures Commission and the Stock Exchange
- has developed procedures and mechanisms for the disclosure of inside information and established the working team to evaluate whether disclosure of the inside information is required
- has established and implemented procedures for responding to external enquiries about the Company's affairs. Only Directors and delegated management of the Company can act as the Company's spokespersons and respond to enquiries on designated areas

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for a foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

COMPANY SECRETARY

The Company has engaged and appointed a representative from an external secretarial services provider as the company secretary of the Company. The primary contact person of the Company with the company secretary is Mr. Xiang Ya Bo, the Chairman, Chief Executive Officer and Executive Director of the Company and the director of Corporate Finance Department of the Company. The company secretary of the Company has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

A special resolution has been passed at the annual general meeting held on 31 May 2022 to adopt the amended and restated bye-laws of the Company. Details of the amendments to the bye-laws of the Company were set out in the circular of the Company dated 27 April 2022.

Copies of memorandum of association and bye-laws of the Company are posted on the website of the Company at www.sinolinkhk.com.

Save as disclosed above, there were no significant change in the constitutional documents during the year ended 31 December 2022.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning a special general meeting

Shareholder(s) of the Company ("Shareholder(s)") holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company may, by written requisition to the Board or the company secretary of the Company signed and deposited in accordance with the bye-laws of the Company and Bermuda Companies Act 1981, require the Directors to call a special general meeting for the transaction of business specified in the requisition.

(b) Procedures for putting forward proposals at general meetings

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 Shareholders may, at their expense, provide a written request to the attention of the company secretary of the Company signed and deposited in accordance with the Bermuda Companies Act 1981.

(c) Communication with Shareholders and investors

Shareholders are provided with detailed information about the Company set out in the interim/annual report and/or the circular so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the annual general meeting, the annual report, interim report, various notices, announcements and circulars, to ensure the Shareholders are kept well informed of key business imperatives. Procedures for conducting a poll are explained by the chairman of the meeting at the general meetings of the Company.

General meetings of the Company provide a direct forum of communication between Shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the Chairman of the Board, or in his absence, an Executive Director of the Company or a Non-executive Director of the Company, as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the independent board committee, will commonly be present and available to answer questions and Shareholders may also contact the company secretary of the Company to direct their written enquires.

At the 2022 annual general meeting, a resolution was proposed by the chairman of the meeting in respect of each separate issue itemized in the notice, including re-election of retiring Directors. The Chairman of the Board and certain members of all committees or their respective duly appointed delegates and representatives of Messrs. Deloitte Touche Tohmatsu participated the 2022 annual general meeting and answered questions from Shareholders.

The Company is committed to enhancing communications and relationships with its investors. Designated management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

The Company also maintains a website at www.sinolinkhk.com, where updates on the Company's business developments and operations, financial information and news can always be found.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows:

28/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Fax: (852) 2851 0970
Email: ir@sinolinkhk.com

In addition, procedures for Shareholders to propose a person for election as a director of the Company is available on the Company's website at www.sinolinkhk.com.

The above procedures are subject to the bye-laws of the Company and applicable laws and regulations.

The Board will review the implementation and effectiveness of the shareholders' communication policy (the "**Communication Policy**") annually and has reviewed the implementation and effectiveness of the Communication Policy. Having considered the multiple channels of communication in place, the Board is satisfied that the Communication Policy has been properly implemented for the year ended 31 December 2022 and is effective.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY IN PREPARING AND REPORTING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the profit and cash flows of the Group for the year. The statement of the auditor regarding their reporting responsibility for the financial statements is set out in the Independent Auditor's Report on pages 52 to 61.

pwc

羅兵咸永道

To the Shareholders of Sinolink Worldwide Holdings Limited
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 62 to 167, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T:852 2289 8888, F: +852 2810 9888, www.pwchk.com

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Valuation of investment properties
- Impairment assessment on interest in an associate - ZhongAn Technologies International Group Limited ("ZhongAn International")
- Assessment of net realisable value of stock of properties

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties Refer to notes 5(b) and 17 to the consolidated financial statements. As at 31 December 2022, the investment properties held by the Group were stated at fair value of HK$2,574,020,000, which in total accounted for approximately 23% of the Group's total assets, with fair value loss of HK$11,472,000 recognised in the consolidated statement of profit or loss for the year ended 31 December 2022. Management engaged an independent external valuer to assist in determining the fair value of the investment properties held by the Group as at 31 December 2022. The fair value of the Group's investment properties was determined using the income capitalisation method, based on the prevailing market rents with reversionary rental yield discounted at appropriate capitalisation rates. The key assumptions and inputs used include capitalisation rates, market rent and adjustments to market rent.	In assessing the Group's valuation of investment properties, we have performed the following procedures: - We understood management's controls and processes of valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. - We assessed the competence, capability and objectivity of the independent external valuer by considering their professional qualifications and relevant experiences in the market where the Group's investment properties are located. - We involved our internal valuation expert to assess the appropriateness of the methodology and the reasonableness of the key assumptions used by the valuer, such as capitalisation rates, market rent and adjustments to market rent.

KEY AUDIT MATTERS (Continued)

Key Audit Matter

Valuation of investment properties (Continued)

We focused on this area because of the magnitude of investment properties to the consolidated financial statements and the sensitivity of fair values to the changes of inputs used in the valuations.

How our audit addressed the Key Audit Matter

- We, together with our internal valuation expert, attended meetings with the valuer to discuss the valuations and key assumptions used. We compared the reversionary yields used by the valuer with an estimated range of expected rates, determined via reference to published market information. We evaluated the rentals with reference to prevailing market rents. We also challenged the methodology adopted by the valuer and appropriateness and reasonableness of the key assumptions based on our knowledge of the property industry and comparable market transactions for similar properties, where applicable.
- We tested, on a sample basis, the accuracy and reliability of the valuation input data used such as adopted unit rent to existing rent roll.

Based on the results of the procedures performed, we found the methodology used and key assumptions adopted in the valuations of investment properties were supported by the available evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on interest in an associate - ZhongAn Technologies International Group Limited ("ZhongAn International") Refer to notes 5(c) and 18 to the consolidated financial statements. As at 31 December 2022, the carrying amount of the interest in ZhongAn International amounted to HK$1,568,607,000, which in total accounted for approximately 14% of the Group's total assets. The Group accounts for its interest in ZhongAn International under the equity method. Impairment assessment is required to be performed on interests in associates when impairment indicator exists. Management determined its recoverable amount, which was measured at the higher of the value-in-use ("VIU") and fair value less costs of disposal ("FVLCOD") with the assistance from an independent external valuer engaged by the Group. The recoverable amount determined using FVLCOD was based on market approach by benchmarking the previous share issuance transaction of ZhongAn International, adjusted by the market movement of the comparable companies. Based on the assessment results, management determined that no impairment provision was needed for the year ended 31 December 2022 as the recoverable amount of the interest in ZhongAn International was higher than its carrying value as at 31 December 2022.	In assessing the Group's impairment assessment of the interest in ZhongAn International, we have performed the following procedures: – We understood and evaluated management's controls and processes of impairment assessment of interest in ZhongAn International and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; – We assessed the competence, capability and objectivity of the independent external valuer by considering their professional qualifications and relevant experiences in performing valuation of an entity; – We, together with our internal valuation expert, assessed the appropriateness of the methodologies adopted by management to determine the recoverable amount of the interest in ZhongAn International derived using FVLCOD. We also tested the mathematical accuracy of the underlying calculations; – We assessed the reasonableness of the key assumptions adopted in the determination of the FVLCOD, including no adverse changes in the business of ZhongAn International and comparability of comparable companies selected based on our knowledge of the business and industry and market research; – We checked the benchmarking price to the transaction price of the previous subscription agreement;

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on interest in an associate - ZhongAn Technologies International Group Limited ("ZhongAn International") (Continued) We focused on this area due to the magnitude of the carrying amount of interest in ZhongAn International to the consolidated financial statements and the significant judgements and estimates made by the management in determining the related recoverable amount as at 31 December 2022.	– We held discussions with management and perform research to evaluate whether there were significant adverse changes in the economic environment impacting ZhongAn International; – We compared the figures included in the prior year budget with actual performance of ZhongAn International during the year to evaluate the quality of management's assessment of ZhongAn International; and – We evaluated management's sensitivity analysis on the key assumptions to the potential impacts on the headroom, which is the difference between the recoverable amount and the carrying value of the interest in ZhongAn International. Based on the results of the procedures performed, we found the methodologies used and key assumptions adopted in the impairment assessment were supported by the available evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter

Assessment of net realisable value of stock of properties

Refer to notes 5(d) and 21 to the consolidated financial statements.

The Group's stock of properties represents a residential property project located in Mainland China under development amounted to HK$873,634,000 as at 31 December 2022, which in total accounted for approximately 8% of the Group's total assets. The carrying amount of stock of properties was stated at the lower of cost and net realisable value. No provision of loss on realisable value was made as at 31 December 2022.

Management determined the net realisable value of stock of properties based on the estimated selling price, estimated costs to completion of the construction and estimated selling costs and compared it to the carrying amounts of the stock of properties to assess whether provision of loss on realisable value is needed.

How our audit addressed the Key Audit Matter

In assessing the management's net realisable value assessment on stock of properties, we have performed the following procedures:

– We understood management's controls and processes of management's net realisable value assessment on stock of properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.

– We evaluated and tested the internal controls, on a sample basis, over the Group's processes in the assessment of net realisable value of stock of properties.

– We tested management's key estimates, on a sample basis, for:

  (i) Selling price which is estimated based on the prevailing market conditions. We compared the estimated selling price to the recent market transactions by referencing to the prevailing market price of comparable properties with similar type, size and location.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of net realisable value of stock of properties (Continued) The determination of net realisable value of the Group's stock of properties involves critical accounting estimates on the selling price, the selling costs and the costs to completion of stock of properties. Management estimated the selling price, the selling costs and the costs to completion by referencing to the comparable market transactions, selling costs to revenue ratio in previous projects and management's budget of estimated cost to completion respectively. We focused on this area because of the magnitude of the stock of properties to the consolidated financial statements and the significant judgements and estimates made by the management involved in assessing the net realisable value of the stock of properties.	(ii) Selling costs which are estimated based on certain percentages of selling prices. We understood from management the nature of the selling costs and comparing the above estimated percentages with the actual average selling expenses to revenue ratio of the Group in previous projects, checking to management's budget and comparing with other industry players. (iii) Costs to completion for stock of properties. We reconciled the estimated costs to completion to the budget approved by management, and examined, on a sample basis, the construction contracts and challenged management the assumptions involved in the preparation of the budget based on our industry knowledge. – We compared the balance of stock of properties against the results of management's net realisable value assessment to evaluate whether provision of loss on realisable value was needed and checked the mathematically accuracy of the calculations. Based on the results of the procedures performed, we found the key assumptions and estimates adopted in the net realisable value assessment of stock of properties were supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Hin Gay, Gabriel.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	2022 HK$'000	2021 HK$'000
Revenue			
Interest income		**25,587**	22,994
Rental income		**176,349**	212,359
Other revenue from contracts with customers		**178,445**	196,873
Total revenue	6	**380,381**	432,226
Cost of sales		**(153,487)**	(163,410)
Gross profit		**226,894**	268,816
Other income	7	**130,516**	176,722
Selling expenses		**(3,633)**	(4,578)
Administrative expenses		**(133,794)**	(129,932)
Other (losses)/gains, net	8	**(33,574)**	14,138
Fair value (loss)/gain of investment properties	17	**(11,472)**	2,413
Net impairment loss on financial assets		**(20,779)**	—
Fair value (losses)/gains on other financial assets at fair value through profit or loss ("FVTPL"), net		**(109,420)**	142,256
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL	20	**(202,171)**	(210,082)
Gain on dilution of interests in an associate	18	**183,629**	309,159
Share of results of associates		**(60,881)**	(193,180)
Finance costs	9	**(46,006)**	(19,484)
(Loss)/profit before taxation		**(80,691)**	356,248
Income tax expense	13	**(39,080)**	(110,931)
(Loss)/profit for the year		**(119,771)**	245,317
(Loss)/profit for the year attributable to:			
Owners of the Company		**(143,388)**	190,711
Non-controlling interests		**23,617**	54,606
		(119,771)	245,317
		HK cents	*HK cents*
(Loss)/earnings per share attributable to the owners of the Company			
Basic	15	**(2.25)**	3.34
Diluted	15	**(2.25)**	3.34

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 HK$'000	2021 HK$'000 (Restated) (Note 2(c))
(Loss)/profit for the year	**(119,771)**	245,317
Other comprehensive (expense)/income		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**(755,491)**	263,742
Fair value losses on equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	**(240,618)**	(615,071)
Share of exchange differences on translation from functional currency to presentation currency of associates	**(2,000)**	–
Share of fair value loss on equity instruments at FVTOCI of associates, net of tax	**(142,078)**	(21,703)
Other comprehensive expense for the year, net of tax	**(1,140,187)**	(373,032)
Total comprehensive expense for the year	**(1,259,958)**	(127,715)
Total comprehensive expense attributable to:		
Owners of the Company	**(1,130,095)**	(107,277)
Non-controlling interests	**(129,863)**	(20,438)
	(1,259,958)	(127,715)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	**As at 31 December 2022 *HK$'000***	As at 31 December 2021 *HK$'000* (Restated) (Note 2(c))	As at 1 January 2021 *HK$'000* (Restated) (Note 2(c))
Non-current assets				
Property, plant and equipment	16	**227,443**	259,612	281,267
Investment properties	17	**2,574,020**	2,822,127	2,739,311
Interests in associates	18	**1,796,739**	1,292,944	840,956
Equity instruments at FVTOCI	19	**1,883,175**	2,377,470	3,118,765
Amounts due from associates at FVTPL	20	**—**	—	26,289
Loan receivable from an associate at FVTPL	20	**—**	—	7,311
Loans receivables	23	**53,258**	383,822	268,779
Finance lease receivables	24	**—**	1	767
Other financial assets at FVTPL	25	**340,051**	1,121,063	88,406
Pledged bank deposits	26	**1,164,726**	930,275	—
Bank deposits	26	**693,729**	176,039	124,449
Other receivables	22	**231,618**	158,399	158,399
Deferred tax assets	31	**7,925**	3,035	6,870
		8,972,684	9,524,787	7,661,569
Current assets				
Stock of properties	21	**873,634**	951,774	935,818
Trade and other receivables, deposits and prepayments	22	**44,975**	53,434	122,310
Loans receivables	23	**458,629**	167,703	121,601
Finance lease receivables	24	**—**	4	2,984
Other financial assets at FVTPL	25	**8,573**	28,347	355,647
Structured deposits	27	**—**	307,036	427,553
Bank deposits	26	**—**	21,743	89,911
Pledged bank deposits	26	**—**	—	846,038
Cash and cash equivalents	26	**846,107**	1,539,354	1,275,637
		2,231,918	3,069,395	4,177,499
Current liabilities				
Trade payables, deposits received and accrued charges	28	**428,281**	455,249	468,915
Contract liabilities	29	**9,966**	9,133	10,242
Income tax payable		**758,890**	829,123	775,242
Borrowings	30	**1,153,600**	955,000	753,135
Lease liabilities	16(b)	**1,844**	2,501	9,358
		2,352,581	2,251,006	2,016,892
Net current (liabilities)/assets		**(120,663)**	818,389	2,160,607
Total assets less current liabilities		**8,852,021**	10,343,176	9,822,176

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	**As at 31 December 2022** **HK$'000**	As at 31 December 2021 *HK$'000* (Restated) (Note 2(c))	As at 1 January 2021 *HK$'000* (Restated) (Note 2(c))
Non-current liabilities				
Lease liabilities	16(b)	**7,274**	—	2,391
Deferred tax liabilities	31	**824,359**	1,004,893	1,146,996
		831,633	1,004,893	1,149,387
Net assets		**8,020,388**	9,338,283	8,672,789
Capital and reserves				
Share capital	32	**637,400**	637,400	354,111
Reserves		**6,026,901**	7,156,996	6,754,353
Equity attributable to owners of the Company		**6,664,301**	7,794,396	7,108,464
Non-controlling interests		**1,356,087**	1,543,887	1,564,325
Total equity		**8,020,388**	9,338,283	8,672,789

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 62 to 167 were approved and authorised for issue by the Board of Directors on 22 March 2023 and are signed on its behalf by:

Xiang Ya Bo
Executive director

Chen Wei
Executive director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Translation reserve *HK$'000*	Share option reserve *HK$'000*	General reserves *HK$'000* (note a)	Contributed surplus *HK$'000* (note b)	Investments revaluation reserve *HK$'000*	Retained earnings *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2022 (as previously stated)	637,400	2,334,899	821,777	79,300	185,464	367,782	962,067	2,204,515	7,593,204	1,493,588	9,086,792
Restatement (Note 2(c))	–	–	26,929	–	–	–	174,263	–	201,192	50,299	251,491
At 1 January 2022 (as restated)	637,400	2,334,899	848,706	79,300	185,464	367,782	1,136,330	2,204,515	7,794,396	1,543,887	9,338,283
(Loss)/profit for the year	–	–	–	–	–	–	–	(143,388)	(143,388)	23,617	(119,771)
Other comprehensive expense for the year	–	–	(644,104)	–	–	–	(342,603)	–	(986,707)	(153,480)	(1,140,187)
Total comprehensive expense for the year	–	–	(644,104)	–	–	–	(342,603)	(143,388)	(1,130,095)	(129,863)	(1,259,958)
Transfers	–	–	–	–	140	–	–	(140)	–	–	–
Dividend paid to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	(57,937)	(57,937)
As at 31 December 2022	637,400	2,334,899	204,602	79,300	185,604	367,782	793,727	2,060,987	6,664,301	1,356,087	8,020,388

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Translation reserve *HK$'000*	Share option reserve *HK$'000*	General reserves *HK$'000* (note a)	Contributed surplus *HK$'000* (note b)	Investments revaluation reserve *HK$'000*	Retained earnings *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2021 (as previously stated)	354,111	1,824,979	613,295	79,300	185,071	367,782	1,315,800	2,014,197	6,754,535	1,475,842	8,230,377
Restatement (Note 2(c))	–	–	18,711	–	–	–	335,218	–	353,929	88,483	442,412
At 1 January 2021 (as restated)	354,111	1,824,979	632,006	79,300	185,071	367,782	1,651,018	2,014,197	7,108,464	1,564,325	8,672,789
Profit for the year	–	–	–	–	–	–	–	190,711	190,711	54,606	245,317
Other comprehensive income/(expense) for the year	–	–	216,700	–	–	–	(514,688)	–	(297,988)	(75,044)	(373,032)
Total comprehensive income/(expense) for the year	–	–	216,700	–	–	–	(514,688)	190,711	(107,277)	(20,438)	(127,715)
Transfers	–	–	–	–	393	–	–	(393)	–	–	–
Issuance of shares by rights issue (Note 32)	283,289	509,920	–	–	–	–	–	–	793,209	–	793,209
As at 31 December 2021	637,400	2,334,899	848,706	79,300	185,464	367,782	1,136,330	2,204,515	7,794,396	1,543,887	9,338,283

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes:

(a) General reserves represent the enterprise expansion fund and general reserve fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"), which are not available for distribution.

(b) Contributed surplus of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1998.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
Cash generated from operations	39(a)	**47,955**	26,593
Income taxes paid		**(70,008)**	(42,940)
Interest received from financing services business		**10,685**	22,994
Net cash (used in)/generated from operating activities		**(11,368)**	6,647
Cash flows from investing activities			
Interest income received		**55,786**	153,049
Dividend received		**6,828**	46,682
Placement of bank deposits		**(666,860)**	(47,303)
Withdrawal of bank deposits		**127,215**	70,467
Placement of structured deposits	27	**(74,160)**	(1,230,277)
Withdrawal of structured deposits	27	**365,186**	1,362,521
Placement of pledged bank deposits		**(323,870)**	(917,937)
Withdrawal of pledged bank deposits		**—**	859,312
Proceeds from disposal of property, plant and equipment		**565**	119
Purchase of property, plant and equipment		**(3,953)**	(2,630)
Investment in associates	18	**(806,490)**	(488,914)
Advances to an associate		**(24,336)**	(21,903)
Repayment from an associate		**9,908**	—
Purchase of equity instruments at FVTOCI		**(1,120)**	(3,669)
Proceeds from disposal of equity instruments at FVTOCI		**1,648**	—
Purchase of Redeemable Preference Shares	25 (i)	**—**	(600,197)
Proceeds from redemption of Redeemable Preference Shares	25 (i)	**590,323**	—
Investment in unlisted fund investment in the PRC		**(1,340)**	(9,779)
Proceeds from disposal of equity securities listed in the PRC		**10,330**	12,390
Proceeds from return of capital from equity instruments at FVTOCI		**47,754**	—
Net cash used in investing activities		**(686,586)**	(818,069)
Cash flows from financing activities			
Proceeds from issuance of new shares by rights issue		**—**	793,209
Drawdown of borrowings		**270,000**	955,000
Repayment of borrowings		**(71,400)**	(685,000)
Principal portion of lease liabilities		**(4,157)**	(9,764)
Interest portion of lease liabilities		**(424)**	(412)
Interest paid		**(34,841)**	(17,362)
Dividend paid to non-controlling interests of subsidiary		**(57,937)**	—
Net cash generated from financing activities		**101,241**	1,035,671
Net (decrease)/increase in cash and cash equivalents		**(596,713)**	224,249
Cash and cash equivalents at beginning of year		**1,539,354**	1,275,637
Effect of foreign exchange rate changes on cash and cash equivalents		**(96,534)**	39,468
Cash and cash equivalents at end of year	26	**846,107**	1,539,354

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

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 Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are increasingly focused on financial technology ("FinTech") investment and management, while it is also engaged in property development, property management, property investment and financing services.

The consolidated financial statements are presented in thousands of units of Hong Kong dollar (HK$'000), unless otherwise stated. These consolidated financial statements have been approved by the board (the "Board") of directors (the "Directors") on 22 March 2023.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, except for investment properties and certain financial instruments which are carried at fair value.

At 31 December 2022, the Group's current liabilities exceeded its current assets by HK$120,663,000.

As detailed in Note 4.1 "Liquidity risk", bank borrowings with carrying amount of HK$1,153,600,000 were subject to a repayable on demand clause and were classified as current liabilities as at 31 December 2022.

In preparing the consolidated financial statements, the directors have taken into account all available information that could reasonably be expected and believe that it is not probable the banks would exercise their discretion right to demand immediate repayment of these borrowings and accordingly, loan principals of HK$102,180,000 and HK$1,051,420,000 would respectively be repaid within one year and within the first and the second years after the reporting period end based on the scheduled repayment dates set out in the loan agreements. Should the borrowings be classified according to the scheduled repayment dates, the current liabilities would decrease by HK$1,051,420,000 and the current assets would exceed the current liabilities by HK$930,757,000.

Furthermore, there were bank deposits of HK$1,164,726,000 pledged against the above-mentioned borrowings and they were classified as non-current assets because the pledge is expected to be released upon the loans' maturity date in 2024 and 2025 respectively.

2 BASIS OF PREPARATION (Continued)

Having considered the above conditions, the Group has sufficient financial resources, including unutilised banking facilities amounting to HK$376,400,000 available to the Group as at 31 December 2022 (Note 30) to finance its operations and satisfy its financial obligations as and when they fall due within at least the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements are prepared on a going concern basis.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(a) New and amended standards adopted by the Group

The Group has applied the following amendments to standards or annual improvements for the first time for the annual reporting period commencing 1 January 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16 (March 2021)	Covid-19 Related Rent Concessions beyond 30 June 2021
Amendments to Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual improvements project	Annual Improvements to HKFRSs 2018 – 2020 Cycle

The adoption of the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 BASIS OF PREPARATION (Continued)

(b) New standards and interpretations not yet adopted

The following new standard, amendments to standards and interpretations are mandatory for accounting periods on or after 1 January 2023 or later periods but which the Group has not early adopted:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will apply the above new standard, revised framework and amendments to standards when they become effective. No new standard, revised framework and amendments to standards is expected to have a material effect on the entity in the current or future reporting periods and on foreseeable future transactions.

2 BASIS OF PREPARATION (Continued)

(c) *Restatement of prior year balances*

As at 31 December 2021, the Group owned 81,000,000 H Shares of ZhongAn Online P&C Insurance Co., Ltd. ("ZhongAn Online") ("ZhongAn Online H Shares"), a company listed on the Stock Exchange, within which 62,057,778 ZhongAn Online H Shares were subject to a lock-up mechanism. The Group accounts for this investment as an equity investment at fair value through other comprehensive income. The fair value of the shares subject to lock-up mechanism as at 31 December 2021 was deemed to be HK$1,340,463,000, derived from the market value of the ZhongAn Online H Shares together with a discount on lack of marketability ("DLOM"), based on a valuation performed by an independent professional valuer, to reflect the lock-up restriction.

In preparing the consolidated financial statements for the year ended 31 December 2022 and after obtaining more information with respect to mechanism to deal with these ZhongAn Online H Shares, the directors of the Company revisited the lock-up restriction with reference to HKFRS 13 "Fair Value Measurement". The directors believe that viewing the lock-up mechanism as a restriction on the Group better reflects the interpretation of the accounting standard. This change results in the directors measuring the fair value of such investment based on quoted bid prices of ZhongAn Online without any DLOM. This change arises from the change in the directors' assessment of the factual circumstances and has been applied retrospectively.

The accumulated effects as a result of the restatements increased the Group's net asset value as at 31 December 2021 and as at 1 January 2021 by HK$251,491,000 (2.8% of the Group's net assets value as at 31 December 2021) and HK$442,412,000 (5.4% of the Group's net assets value as at 1 January 2021), and decreased the Group's other comprehensive income for year ended 31 December 2021 by HK$190,921,000 (104.8% of the Group's other comprehensive income for the year ended 31 December 2021). There is no impact to the Group's profit for the year ended 31 December 2021. A summary of the accumulated effects of the restatements on the consolidated statement of financial position of the Group as at 31 December 2021 and 1 January 2021 and the consolidated statement of comprehensive income of the Group for the year ended 31 December 2021 are presented below:

Impact to the consolidated statement of financial position as at 31 December 2021

	As at 31 December 2021		
	As previously stated *HK$000*	Restatement *HK$000*	As restated *HK$000*
Non-current assets			
Equity instruments at FVTOCI	2,042,146	335,324	2,377,470
Non-current liabilities			
Deferred tax liabilities	(921,060)	(83,833)	(1,004,893)
Equity			
Reserves	(6,955,804)	(201,192)	(7,156,996)
Non-controlling interests	(1,493,588)	(50,299)	(1,543,887)

2 BASIS OF PREPARATION (Continued)

(c) Restatement of prior year balances (Continued)

Impact to the consolidated statement of financial position as at 1 January 2021

	As at 1 January 2021		
	As previously stated *HK$000*	Restatement *HK$000*	As restated *HK$000*
Non-current assets			
Equity instruments at FVTOCI	2,528,880	589,885	3,118,765
Non-current liabilities			
Deferred tax liabilities	(999,523)	(147,473)	(1,146,996)
Equity			
Reserves	(6,400,424)	(353,929)	(6,754,353)
Non-controlling interests	(1,475,842)	(88,483)	(1,564,325)

Impact to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021

	For the year ended 31 December 2021		
	As previously stated *HK$000*	Restatement *HK$000*	As restated *HK$000*
Profit for the year	245,317	—	245,317
Other comprehensive income			
Exchange differences arising from the translation to presentation currency	253,468	10,274	263,742
Changes in fair value of equity instruments at FVTOCI, net of tax	(413,876)	(201,195)	(615,071)
Share of fair value loss on equity instruments at FVTOCI of associates, net of tax	(21,703)	—	(21,703)
Other comprehensive expense for the year, net of tax	(182,111)	(190,921)	(373,032)
Total comprehensive income/(expense) for the year	63,206	(190,921)	(127,715)

3 PRINCIPAL ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

3.1 *Principles of consolidation and equity accounting*

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

Gains or losses on deemed disposal on dilution arising from interests in associated companies are recognised in the consolidated statement of profit or loss.

The cost of an associated company acquired in stages is measured as the sum of consideration paid for each purchase plus a share of investee's profits and other equity movements.

The Group ceases to use the equity method from the date an investment ceases to be an associated company that is the date on which the Group ceases to have significant influence over the associated company or on the date it is classified as held for sale.

(c) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Principles of consolidation and equity accounting (Continued)

(c) Equity method (Continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company's interests in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend income received and receivable.

(d) Business combination

The acquisition method of accounting is used to account for business combinations by the Group. The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Principles of consolidation and equity accounting (Continued)

(d) Business combination (Continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

When the Group acquires a Group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the Company's presentation currency while Reminbi ("RMB") is the functional currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in consolidated statement of profit or loss.

All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within "other (losses)/gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated statement of profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.3 Foreign currency translation (Continued)

(c) *Group companies*

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate ruling at the end of the reporting period.

(d) *Disposal of foreign operation*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the assets can be measured reliably. The carrying amount of the replaced part is derecognised when replaced. All other repairs and maintenance are charged to consolidated statement of profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Leasehold land and buildings	Over the shorter of its estimated useful life and the lease term
Hotel buildings	Over the shorter of the lease term and 20 years
Building improvement in hotel	20%
Furniture, fixtures and equipment	20% to 30%
Motor vehicles	20% to 30%

The residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.6).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and these are included in the consolidated statement of profit or loss.

3.5 Investment properties

Investment properties are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. Investment properties are initially measured at cost, included related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are presented in consolidated statement of profit or loss as part of a valuation gain or loss.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.6 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.7 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.7 Investments and other financial assets (Continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is recognised in the consolidated statement of profit or loss using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated statement of profit or loss and presented in "other (losses)/gains, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

- FVTOCI

  Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to consolidated statement of profit or loss and recognised in "other (losses)/gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other (losses)/gains, net" and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVTPL

  Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in consolidated statement of profit or loss and presented net in the period in which it arises.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.7 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to consolidated statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in consolidated statement of profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in the consolidated statement of profit or loss as applicable. Investments in equity instruments at FVTOCI are not subject to impairment assessment.

(d) Impairment of financial assets

The Group's financial assets measured at amortised cost, including trade receivables arising from contracts with customers, loans receivables, finance lease receivables, other receivables and deposits, bank deposits, pledged bank deposits, cash and bank balances, and other items (financial guarantee contracts) are subject to Expected Credit Loss ("ECL") model under HKFRS 9 "Financial Instruments" ("HKFRS 9").

For trade receivables and finance lease receivables, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision.

For all other instruments, the Group measures the loss allowance equal to 12-month expected credit loss, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 4.1 details how the Group determines whether there has been a significant increase in credit risk.

3.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.9 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments, and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

3.10 Stock of properties

Stock of properties of the Group included properties under development.

Properties under development which are intended to be sold upon completion of development are classified as current assets. Properties under development comprise leasehold land and land use rights, development expenditure and borrowing costs capitalised, and are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale. Properties under development included in current assets are expected to be realised in, or is intended for sales in the Group's normal operating cycle.

Properties under development for sale are transferred to properties for sale upon completion.

3.11 Trade, loans and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business while loans receivables are corporate loans granted to the customers in the ordinary course of business. If collection of trade and other debtors is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and loans receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and loans receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less provision for impairment.

When a trade and loans receivables are uncollectible, it is written off against the allowance account for trade and loans receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the consolidated statement of profit or loss.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through use.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.17 Current and deferred income tax (Continued)

Deferred income tax (Continued)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.18 Employee benefits

(a) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(b) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans, including the Mandatory Provident Fund ("MPF") Scheme and employee pension schemes established by municipal government in The People's Republic of China ("PRC") are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.18 Employee benefits (Continued)

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3.19 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

3.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.21 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

3.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax and other revenue reducing factors after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.22 Revenue recognition (Continued)

(a) *Revenue from provision of property management services*

Revenue from provision of property management services is recognised when the services is provided to the customers throughout the contract period.

(b) *Income from hotel operation*

Income from hotel operations is recognised in the accounting period in which the services are rendered.

(c) *Tuition, registration and application fees income*

Income from tuition, registration and application fees income from provision of education services for operating primary school are recognised when the services are rendered.

(d) *Interest income from financing services business*

Interest income accrued from the loan lending business is recognised based on the contractual interest rates to the gross carrying amount of financial assets measured at amortised cost using the effective interest method throughout the lending period except for financial assets that subsequently become credit-impaired.

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(e) *Project management service income*

Project management service income is recognised in the accounting period in which the services are rendered.

3.23 Contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceed the measure of the remaining rights.

Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.24 Dividend income

Dividends are received from financial assets measured at FVTPL and at FVTOCI. Dividends are recognised as other income in consolidated statement of profit or loss when the right to receive payment is established.

3.25 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's Directors/equity holder, as appropriate.

3.26 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.27 Leases

The Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Group leases various properties. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.27 Leases (Continued)

The Group as a lessee (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.27 Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of and leases of low-value assets are recognised on a straight-line basis as an expense in consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership if an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in consolidated statement of profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

3.28 Interest income

Interest income from financial assets at FVTPL is included in the other income on these assets.

Interest income on financial assets at amortised cost and financial assets at FVTOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

4 FINANCIAL RISK MANAGEMENT

4.1 Financial instruments

Categories of financial instruments

	As at 31 December 2022	As at 31 December 2021	As at 1 January 2021
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Financial assets			
Financial assets at FVTPL	**348,624**	1,456,446	905,206
Financial assets at amortised cost	**3,309,927**	3,251,661	2,830,673
Equity instruments at FVTOCI	**1,883,175**	2,377,470	3,118,765
Financial liabilities			
Amortised cost	**1,348,190**	1,142,846	935,067

Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, loan receivable from an associate at FVTPL, amounts due from associates at FVTPL, loans receivables, other financial assets at FVTPL, structured deposits at FVTPL, trade and other receivables and deposits, bank deposits, pledged bank deposits, cash and cash equivalents, borrowings, trade payables, deposits received and accrued charges and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cash flows. The management of the Group considers the Group is not exposed to significant foreign currency risk as majority of its transactions are denominated in RMB (the functional currency of the Group's major subsidiaries). There were certain financial assets are denominated in foreign currencies other than the functional currency of the relevant group entities, which expose the Group to foreign currency risk.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

At the end of the reporting period, the Group has the following financial assets denominated in foreign currencies of the relevant group entities:

	As at 31 December 2022 *HK$'000*	As at 31 December 2021 *HK$'000*	As at 1 January 2021 *HK$'000*
Cash and cash equivalents denominated in:			
USD against RMB as functional currency	**221**	221	17,052
USD against HK$ as functional currency	**11,285**	25,610	4,192
HK$ against RMB as functional currency	**16,258**	17,954	3,320
RMB against HK$ as functional currency	**12,000**	1,237	2,638
Loan receivable from an associate at FVTPL denominated in USD against RMB as functional currency	**–**	–	7,311
Amounts due from associates at FVTPL denominated in USD against RMB as functional currency	**–**	–	26,289
Financial assets at FVTOCI denominated in:			
USD against HK$ as functional currency	**54,556**	86,238	147,661
Other financial assets at FVTPL denominated in:			
USD against HK$ as functional currency	**121,932**	166,609	130,985
HK$ against RMB as functional currency	**5,269**	6,728	7,239

Since the exchange rate of HK$ is pegged with USD, the Group does not expect any significant movements in USD/HK$ exchange rates. Therefore, the following sensitivity analysis does not include the effect between USD and HK$. The Group's sensitivity is based on 5% increase and decrease in the functional currency of the respective group entity against relevant foreign currencies and all other variables were held constant. 5% is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates.

If foreign currencies had weakened/strengthened 5% against the respective functional currencies and all other variables were held constant, the Group's loss after taxation for the year ended 31 December 2022 would increase/decrease by HK$1,266,000 (2021: profit after taxation would decrease/increase by HK$980,000). This is mainly attributable to the Group's exposure to foreign currency exchange rate on the bank balances, loan receivable from an associate at FVTPL and amounts due from associates and FVTPL.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate financial assets (including loans receivables, Redeemable Preference Shares, loan receivable from an associate at FVTPL, amounts due from associates at FVTPL, redeemable convertible preference shares of an entity), finance lease receivables and lease liabilities as at 31 December 2022 and 2021. The Group is also exposed to cash flow interest rate risk in relation to variable-rate structured deposits at FVTPL, bank deposits, pledged bank deposits, cash and cash equivalents, and bank borrowings as at 31 December 2022 and 2021.

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management of the Group will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, for floating rate bank borrowings that are linked to HIBOR, the Group had confirmed with the relevant counterparty HIBOR will continue to maturity. The management of the Group considers that the risks arising from the interest rate benchmark reform is immaterial.

Total interest income from financial assets that are measured at amortised cost is as follows:

	As at 31 December 2022	As at 31 December 2021
	HK$'000	*HK$'000*
Interest revenue arising from financing services:		
– Financial assets at amortised cost	**25,587**	22,994
Other income:		
– Financial assets at amortised cost	**65,185**	74,524
Total interest income	**90,772**	97,518

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Total interest expenses from financial liabilities that are not measured at FVTPL is as follows:

	As at 31 December 2022 **HK$'000**	As at 31 December 2021 *HK$'000*
Finance costs:		
– Financial liabilities at amortised cost	**45,582**	19,072
– Lease liabilities	**424**	412
	46,006	19,484

Sensitivity analysis

The management of the Group considers that the Group's exposure to cash flow interest rate risk on variable-rate bank deposits, pledged bank deposits and cash and cash equivalents as a result of the change of market interest rate is insignificant and thus no sensitivity analysis is prepared for interest rate risk.

The sensitivity analyses below have been determined based on the exposure to cash flow interest rate risk for financial instruments at the end of the reporting period. For variable-rate financial instruments, the analysis is prepared assuming the stipulated changes took place at the beginning of the financial year with other variables held constant throughout the reporting period. A 50 basis points increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates. If interest rates on variable-rate bank borrowings in Hong Kong had been 50 basis points higher/lower and all other variables were held constant, the Group's loss after taxation for the year ended 31 December 2022 would increase/decrease by HK$4,816,000 (2021: profit after taxation would decrease/increase by HK$3,987,000). If interest rates on structured deposits at FVTPL in the PRC had been 50 basis points higher/lower due to change of exchange rates to which the interest rates of the deposits are linked to and all other variables were held constant, the Group's profit after taxation for the year ended 31 December 2021 would increase/decrease by HK$1,151,000. The Group did not have any structured deposits at FVTPL as at 31 December 2022.

Other price risk

The Group is exposed to price risk through its financial assets at FVTPL (not including investment in Redeemable Preference Shares as at 31 December 2022 and redeemable convertible preference shares of an entity as at 31 December 2021) and equity instruments at FVTOCI.

For equity securities measured at FVTPL quoted in the stock exchanges and the unlisted funds, the management of the Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group also invested in certain unquoted equity securities for investees operating in diversified industry sectors for long term strategic purposes which had been designed as FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk (Continued)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent other price risk as the year end exposure does not reflect the exposure during the year.

The sensitivity analyses below have been determined based on the exposure to price risks.

If the prices of the respective instruments had been 10% higher/lower, loss after taxation for the year ended 31 December 2022 would decrease/increase by HK$27,211,000 (2021: profit after taxation would increase/decrease by HK$40,169,000) as a result of the changes in fair value of respective financial assets at FVTPL and investments revaluation reserve for the year ended 31 December 2022 would increase/decrease by HK$130,613,000 (2021 (restated): HK$163,974,000) as a result of the change in fair value of equity instruments at FVTOCI.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position;
- financial lease receivables; and
- the amount of financial guarantee contracts disclosed in Note 35.

Trade receivables arising from contracts with customers, loans receivables and finance lease receivables

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit rating system to assess the potential customer's credit quality and defines credit limits by customer. Credit risk of loans receivables and finance lease receivables are assessed individually. The trade receivables from property management and property investment business are grouped into five internal credit rating buckets (namely: low risk, medium risk, high risk, loss and write-off) based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtor. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In addition, the Group performs impairment assessment under ECL model on trade receivables from property management and property investment business collectively and loans receivables, finance lease receivables and trade receivables from financial services are assessed individually as at 31 December 2022 and 2021.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables and deposits

Management of the Group makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The management of the Group believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL. For the years ended 31 December 2022 and 2021, the Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance is recognised.

Bank deposits, including interest receivables, pledged bank deposits and cash and cash equivalents

The credit risk on bank deposits, including interest receivables, pledged bank deposits and cash and cash equivalents of the Group is limited because the counterparties are banks and financial institutions with high credit ratings assigned by international credit-rating agencies and no history of default in the past. No loss allowance for bank deposits, including interest receivables, pledged bank deposits and cash and cash equivalents was recognised. The Group has limited exposure to any single financial institution.

The Group does not have any significant concentration of credit risk, except for finance lease receivables, 99% of which is due to one debtor operating in technology development business as at 31 December 2021, and for loans receivables, 54% (2021: 54%) of which is a debtor operating in commercial lending business (2021: commercial lending business) as at 31 December 2022.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ finance lease receivables	Other financial assets/others
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL (non-credit-impaired)	12-month ECL
Medium risk	Debtor with history of requesting the extension of due date but usually settle within the extended due date	Lifetime ECL (non-credit-impaired)	12-month ECL
High risk	There have been significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL (non-credit-impaired)	Lifetime ECL (non-credit-impaired)
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL (credit-impaired)	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, finance lease receivables and financial guarantee contracts which are subject to ECL assessment:

	Notes	External credit rating (note v)	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts As at 31 December 2022 HK$'000	Gross carrying amounts As at 31 December 2021 HK$'000
Financial assets at amortised costs						
Loans receivables (note i)	23	N/A	Low risk	12-month ECL	**64,501**	61,125
			Medium risk	12-month ECL	**454,955**	501,111
			Loss	Lifetime ECL (credit-impaired)	**22,396**	–
Trade receivables (note ii)	22	N/A	N/A	Lifetime ECL (provision matrix)	**7,602**	4,729
Other receivables and deposits	22	N/A	N/A	12-month ECL	**15,576**	10,885
		Aa1 – Baa2 (2021: Aa1 – Baa2)	(note iii)	12-month ECL	**70,299**	17,111
Bank deposits (non-current)	26	Aa1 – Baa2 (2021: Aa1 – Baa2)	N/A	12-month ECL	**693,729**	176,039
Bank deposits (current)	26	Aa1 – Baa2 (2021: Aa1 – Baa2)	N/A	12-month ECL	**–**	21,743
Pledged bank deposits (non-current)	26	Aa3 – Baa2 (2021: Aa3 - Baa2)	N/A	12-month ECL	**1,164,726**	930,275

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

	Notes	External credit rating (note v)	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts As at 31 December 2022 HK$'000	Gross carrying amounts As at 31 December 2021 HK$'000
Cash and cash equivalents	26	Aa1 - Baa2 (2021: Aa1 - Baa2)	N/A	12-month ECL	**846,107**	1,539,354
Other items						
Finance lease receivables (note iv)	24	N/A	Medium risk	Lifetime ECL	**–**	5
			Loss	Lifetime ECL (Credit impaired)	**–**	5,273
Financial guarantee contracts (note vi)	35	N/A	Low risk	12-month ECL	**7,100**	8,597

Notes:

(i) Loans receivables are assessed individually by the management of the Group by reference to past default experience, current past due exposure of the debtor, the nature and prospect of the debtor's operation. The loss rate ranging from 2.26% to 48.7% (2021: 0.58% to 2.31%) is applied to the debtors. As at 31 December 2022, the allowance for credit loss on loans receivables is HK$29,965,000 (2021: HK$10,711,000).

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors, the realisation of collateral and guarantee and study of other corporates' default and recovery data from international credit-rating agencies including Moody's and Standard and Poor's, and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in the PRC, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

(ii) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. To measure the ECL of trade receivables from property management and property investments business, trade receivables have been grouped based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtor. Management of the Group considers that the ECL for trade receivables from property management and property investments business is insignificant as the debtors have good settlement history.

(iii) For the purpose of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Past due	**Not past due/ no fixed repayment terms**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
As at 31 December 2022			
Other receivables and deposits excluding interest receivables from bank deposits	**–**	**15,576**	**15,576**

	Past due	Not past due/ no fixed repayment terms	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 31 December 2021			
Other receivables and deposits excluding interest receivables from bank deposits	–	10,885	10,885

Based on the assessment of the management, the ECL on other receivables and deposits is insignificant.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

(iv) The Group applies simplified approach to provide for ECL prescribed by HKFRS 9. To measure the ECL of finance lease receivables, the debtors are assessed individually by the management of the Group by reference to past default experience, current past due exposure of the debtor, as well as the nature and prospect of the debtor's operation. The loss rate ranging from 2.0% to 100% is applied to the debtors for the year ended 31 December 2021. During the year ended 31 December 2022, a balance of HK$4,830,000 was written-off. As at 31 December 2022, the allowance for credit loss on finance lease receivables is HK$nil (2021: HK$5,273,000).

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors, the realisation of collateral and guarantee and study of other corporates' default and recovery data from international credit-rating agencies including Moody's and Standard and Poor's, and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in the PRC, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort.

(v) External credit rating are from international credit-rating agency Moody's.

(vi) For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was HK$7,100,000 (2021; HK$8,597,000) as at 31 December 2022. At the end of the reporting period, the directors of the Company have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12-month ECL. Based on the assessment of the management, the ECL on financial guarantee contracts is insignificant.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following tables show reconciliation of loss allowances that has been recognised for loans receivables which is measured under 12-month ECL and lifetime ECL and trade receivables and finance lease receivables which is measured under lifetime ECL:

	12-month ECL	Lifetime ECL (credit-impaired)		
	Loans receivables *HK$'000*	Loans receivables *HK$'000*	Finance lease receivables *HK$'000*	Trade receivables *HK$'000*
As at 1 January 2021	13,106	–	5,202	13,714
Impairment losses reversed	(6,713)	–	(81)	(11,132)
Write-offs	–	–	–	(2,582)
Additions	3,970	–	–	–
Currency realignment	348	–	152	–
As at 31 December 2021	10,711	–	5,273	–
Impairment losses reversed	–	–	–	–
Write-offs		–	(4,830)	–
Repayment	(338)	–	–	–
Additions	8,511	12,606	–	–
Currency realignment	(1,102)	(423)	(443)	–
As at 31 December 2022	17,782	12,183	–	–

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and bank balances (including bank deposits, pledged bank deposits, cash and cash equivalents and structured deposits at FVTPL) which is expected adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on borrowings as a source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Repayable on demand *HK$'000*	**Less than 1 year** *HK$'000*	**Between 1 and 2 years** *HK$'000*	**Between 2 and 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total** *HK$'000*
As at 31 December 2022						
Trade payables, deposits received and accrued charges	**185,378**	**–**	**–**	**–**	**–**	**185,378**
Borrowings	**1,153,600**	**–**	**–**	**–**	**–**	**1,153,600**
Lease liabilities	**–**	**2,288**	**1,991**	**5,676**	**473**	**10,428**
	1,338,978	**2,288**	**1,991**	**5,676**	**473**	**1,349,406**

	Repayable on demand *HK$'000*	Less than 1 year *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*	Over 5 years *HK$'000*	Total *HK$'000*
As at 31 December 2021						
Trade payables, deposits received and accrued charges	187,846	–	–	–	–	187,846
Borrowings	955,000	–	–	–	–	955,000
Lease liabilities	848	1,675	–	–	–	2,523
	1,143,694	1,675	–	–	–	1,145,369

The Group also provides guarantees to secure repayment obligations of certain purchasers of the Group's property units which will have contractual cash flows only if the guaranteed purchasers default the repayment (Note 35).

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the "on demand" or "less than 1 year" time bands in the above maturity analysis. As at 31 December 2022, the aggregate carrying amounts of these bank loans amounted to HK$1,153,600,000 (2021: HK$955,000,000). Taking into account the Group's financial position, the management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management believes that such bank borrowings will be repaid in two years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Less than 1 year *HK$'000*	1 to 2 years *HK$'000*	2 to 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount *HK$'000*
As at 31 December 2022	179,460	1,093,204	–	1,272,664	1,153,600

Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged an independent professional valuer to perform the valuation. The management of the Group works closely with the independent professional valuer to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports to the executive directors of the Company semi-annually to explain the cause of fluctuations in the fair value of the assets.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s)
	As at 31 December 2022	As at 31 December 2021		
	HK$'000	*HK$'000*		
Equity securities of ZhongAn Online classified as equity instruments at FVTOCI	**1,741,500**	2,187,320 (restated)	Level 1	Quoted bid prices in an active market
Equity securities of an entity listed in Hong Kong classified as equity instruments at FVTOCI	**62,730**	65,300	Level 1	Quoted bid prices in an active market
Unlisted fund investments classified as equity instruments at FVTOCI	**70,106**	111,801	Level 3	Quoted prices from financial institution (which is based on net asset value of the entity (i.e. fair value of the portfolio included in the entity) (Note (i))
Unlisted equity securities classified as equity instruments at FVTOCI	**7,719**	13,049	Level 3	Quoted prices from financial institution (which is based on net asset value of fund (i.e. fair value of the portfolio included in the fund) (Note (ii))
Unlisted fund investments classified as financial assets at FVTPL	**332,899**	465,335	Level 3	Quoted prices from financial institution (which is based on net asset value of fund (i.e. fair value of the portfolio included in the fund) (Note (ii))
Unlisted equity securities classified as equity instruments at FVTOCI	**1,120**	–	Level 2	Recent transaction price
Equity securities listed in Hong Kong, PRC and the overseas classified as financial assets at FVTPL	**15,724**	50,602	Level 1	Quoted bid prices in an active market
Redeemable Preference Shares classified as financial assets at FVTPL	**–**	633,473	Level 3	Discounted cash flow based on the estimated future cash flows of the Redeemable Preference Shares that are discounted at rate of 5.5% (Note (iii))
Structured bank deposits at FVTPL	**–**	307,036	Level 3	Quoted prices from financial institutions (Note (iv))

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s)
	As at 31 December 2022 ***HK$'000***	As at 31 December 2021 *HK$'000*		
Loan receivable from associates and amounts due from associate at FVTPL	**–**	–	Level 3	Discounted cash flow based on the estimated future cash flows (including the revenue growth rate of 2.0% (2021: 2.0%) that are expected to be received by the Group as well as the estimated timing of such receipts, discounted at a rate that reflects the credit risk of the associates of 22.3% (2021: 18.6%) (Note (v))

Notes:

(i) As at 31 December 2022, the unlisted equity securities have no recent transactions as such the fair value of unlisted equity securities classified as equity instruments at FVTOCI was determined based on the quoted prices from the financial institutions. As the fair value of the underlying portfolio included in the entities is classified as Level 3 of the fair value hierarchy, thus unlisted equity securities classified as equity instruments at FVTOCI classified as Level 3 of the fair value hierarchy as at 31 December 2022.

A 5% increase/decrease in fair value of the entity holding all other variables constant would increase/decrease the investments revaluation reserve for the year ended 31 December 2022 by HK$2,876,000 (2021: HK$4,682,000).

(ii) As at 31 December 2022, the unlisted fund investments have no recent transactions as such the fair value of unlisted fund investments classified as financial assets at FVTPL was determined based on the quoted prices from the financial institutions. As the fair value of the underlying portfolio included in the funds is classified as Level 3 of the fair value hierarchy, thus unlisted fund investments classified as financial assets at FVTPL classified as Level 3 of the fair value hierarchy as at 31 December 2022.

A 5% increase/decrease in fair value of the fund holding all other variables constant would decrease/increase the loss for the year ended 31 December 2022 by HK$12,484,000 (2021: HK$17,450,000).

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Notes: (Continued)

(iii) A 0.5% increase/decrease in discount rate holding all other variables constant would increase/decrease the loss for the year ended 31 December 2021 by HK$44,079,000/HK$52,895,000.

(iv) A 5% increase/decrease in quote prices from the financial institutions holding all other variables constant would decrease/increase the loss for the year ended 31 December 2021 by HK$11,514,000.

(v) The management of the Group has performed sensitivity analysis on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL as at 31 December 2022 for (i) a 0.5% increase in the revenue growth rate holding all other variables constant and (ii) a 0.5% decrease in the discount rate holding all other variables constant. There is no change to the carrying amount of loan receivable from an associate at FVTPL and amounts due from associates at FVTPL as the change in fair value in the sensitivity analysis is then offset by the share of loss of RGAP Group, the management of the Group considers the disclosure of the result of sensitivity analysis is unrepresentative for loan receivable from an associate at FVTPL and amounts due from associates at FVTPL as at 31 December 2022 (2021: same).

Except for the above, there were no transfers between Level 1, 2 and 3 during both years. The transfers between levels of the fair value hierarchy is determined at the date of the event or change in circumstances that caused the transfer.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

The following table presents the changes in level 3 items for the year ended 31 December 2022 and 31 December 2021:

	Other financial assets at FVTPL HK$'000	Loan receivable from an associate at FVTPL HK$'000	Amounts due from associates at FVTPL HK$'000	Unlisted instruments at FVTOCI HK$'000	Structured bank deposits at FVTPL HK$'000	Total HK$'000
As at 1 January 2021	68,135	7,311	26,289	–	427,553	529,288
Transfers into Level 3	323,422	–	–	194,259	–	517,681
Purchase	609,976	–	–	–	–	609,976
Disposal/settlement/redemption	(68,135)	–	–	–	–	(68,135)
Placement of structured deposits at FVTPL	–	–	–	–	1,230,277	1,230,277
Withdrawal of structured deposits at FVTPL	–	–	–	–	(1,362,521)	(1,362,521)
Advance to associates	–	–	21,903	–	–	21,903
Share of results of associate	–	153,838	–	–	–	153,838
Currency realignment	17,359	741	–	(69,409)	11,727	(39,582)
Fair value change to profit or loss	148,051	(161,890)	(48,192)	–	–	(62,031)
As at 31 December 2021	1,098,808	–	–	124,850	307,036	1,530,694
Purchase	–	–	–	1,385	–	1,385
Disposal/settlement/redemption	(638,077)	–	–	(1,648)	–	(639,725)
Placement of structured deposits at FVTPL	–	–	–	–	74,160	74,160
Withdrawal of structured deposits at FVTPL	–	–	–	–	(365,186)	(365,186)
Advance to associates	–	–	24,336	–	–	24,336
Repayment from associates	–	–	(9,908)	–	–	(9,908)
Share of results of associates	–	187,743	–	–	–	187,743
Currency realignment	(51,738)	–	–	(1,572)	(16,010)	(69,320)
Fair value change to profit or loss	(76,094)	(187,743)	(14,428)	–	–	(278,265)
Fair value change to other comprehensive income	–	–	–	(45,190)	–	(45,190)
As at 31 December 2022	332,899	–	–	77,825	–	410,724

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial instruments (Continued)

Included in other comprehensive income is an amount of HK$323,407,000 loss (2021 (restated): HK$820,094,000 loss) relating to equity instruments at FVTOCI held at the end of the current reporting period and is reported as changes of investments revaluation reserve.

4.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which include the borrowings disclosed in Note 30, and equity attributable to owners of the Company, comprising share capital and reserves including retained earnings.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Current and deferred income taxes

The Group makes a provision for current income tax based on estimated taxable income for the year. The estimated income tax liabilities are primarily computed based on the tax computations as prepared by the Group. Nevertheless, from time to time, there are queries raised by the tax authorities of Hong Kong on the tax treatment of items included in the tax computations and certain non-routine transactions. If the Group considers it probable that these queries or judgements will result in different tax positions, the most likely amounts of the outcome will be estimated and adjustments to the income tax expense and income tax liabilities will be made accordingly.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. The Group recognises deferred income tax assets based on profits forecasts prepared by management. When the expectation is different from the original estimates, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

(b) Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the independent professional valuer has based on a method of valuation which involves certain estimates including capitalisation rates, market rent and adjustments to market rent. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of fair value gain or loss reported in the profit or loss. As at 31 December 2022, the carrying amount of the Group's investment properties is HK$2,574,020,000 (2021: HK$2,822,127,000).

(c) Impairment of interest in an associate – ZhongAn Technologies International Group Limited ("ZhongAn International")

The Group assesses at the end of each reporting period to consider whether there is any indication for impairment on the interest in an associate — ZhongAn International and further assesses if they have suffered any impairment. The Group determines the recoverable using fair value less cost of disposal based on market approach by benchmarking the previous share issuance transaction of ZhongAn International, adjusted by the market movement of the comparable companies, with the assistance of from an independent professional valuer engaged by the Group. The key assumptions adopted in the valuation include no adverse changes in the business of ZhongAn International and the comparability of the comparable companies selected. Based on the assessment result, the recoverable amount exceeds the carrying amount of the interest in ZhongAn International as at 31 December 2022 and hence no provision for impairment of interest in ZhongAn International have been recognised.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Estimate for net realisable value of stock of properties

The carrying amounts of stock of properties amounted to HK$873,634,000 (2021: HK$951,774,000). The net realisable value of stock of properties was determined by the expected selling prices with reference to recent market transactions by making reference to the prevailing market price of comparable properties less to related future selling costs and costs to completion based on management's estimation. The determination of net realisable value of the Group's stock of properties involves critical accounting estimates on the selling price, the selling costs and the costs to completion of stock of properties. Management estimated the selling price, the selling costs and the costs to completion by referencing to the comparable market transactions, selling costs to revenue ratio in previous projects and management budget of estimated cost to completion respectively. Changes in data input and estimations would result in changes in the net realisable value of stock of properties and the corresponding adjustments to the amount of impairment loss reported in the profit or loss.

(e) Fair value of loan receivable from an associate at FVTPL and amounts due from associates at FVTPL

The Group has a loan receivable from an associate (see Note 20) which represents a shareholder's loan advanced to the Group's associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), for financing a property development and property investment project in Shanghai. As at 31 December 2022 and 2021, there was also amounts due from associates (Note 20) represent receivables mainly arisen from provision of property management services by the Group and fund advanced from the Group.

The loan receivable from an associate and amounts due from associates are unsecured and has no fixed repayment terms. The directors of the Company consider that they 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 as well as the amounts due from associates represent an investment in the project of RGAP and its subsidiaries ("RGAP Group") that the repayments of loan receivable from an associate and amounts due from associates do not solely payments of principal and interest on the principal outstanding and hence are both measured at FVTPL. The fair values of these amounts are dependent on the cash flow to be received from RGAP Group that generated from the property development and property investment project impacted by growth rate and the discount rate applied. Where the actual future cash flows or discount rate are changed, a change of fair value may arise.

In determining the fair values of loan receivable from an associate at FVTPL and amounts due from associates at FVTPL as at 31 December 2022 and 2021, the directors of the Company have taken into account the development status of the property development and property investment project, 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 and timing of such cash flows of the loan receivable from an associate at FVTPL and the amounts due from associates at FVTPL. Also, the Group engaged an independent professional valuer to perform the estimation of discount rate representing the market interest rate of the associates. The carrying amounts of loan receivable from an associate at FVTPL and amounts due from associates at FVTPL after share of loss and other comprehensive expenses of associates in excess of cost of investment are both nil as at 31 December 2022 and 2021. A fair value loss of HK$202,171,000 (2021: HK$210,082,000) was recognised during the year ended 31 December 2022.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(f) Classification of the investments in an associate - ZhongAn International

Upon completion of subscription by the Group in ZhongAn International in September 2022, the Group and ZhongAn Online has 44.75% and 44.70% equity interest respectively. The Group continued to use equity accounting to account for ZhongAn International as management considered that ZhongAn Online continues to have control over the Board of ZhongAn International.

(g) Impairment of hotel buildings

Assessing impairment of hotel buildings requires an estimation of its recoverable amounts which is determined based on fair value less costs of disposal. The estimation made by an independent professional valuer is considered to be key areas of judgment, including adjusted room rent and capitalisation rate during the year ended 31 December 2022 and 2021. Where there are changes in assumptions due to market conditions, the estimate of recoverable amount may be affected. Details of the recoverable amount calculation of hotel buildings are disclosed in Note 16. As at 31 December 2022, the carrying amounts of hotel buildings are HK$97,084,000 (2021: HK$115,843,000). During the year ended 31 December 2022 and 2021, the Group has not recognised any impairment loss on hotel buildings.

6 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 discounts and other sales related taxes. An analysis of the Group's revenue for the year is as follows:

	2022 ***HK$'000***	2021 *HK$'000*
Recognised over time under HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")		
– Property management fee income	**120,244**	134,236
– Other service income	**58,201**	62,637
Recognised under HKFRS 15	**178,445**	196,873
Recognised under other HKFRSs:		
– Rental income	**176,349**	212,359
– Interest income from financing services business	**25,587**	22,994
	380,381	432,226

All of the Group's revenue is generated from the People's Republic of China (the "PRC") during the years ended 31 December 2022 and 2021.

6 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue (Continued)

(i) Disaggregation of revenue from contracts with customers (Continued)

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 2022

	Property management *HK$'000*	**Property investment** *HK$'000*	**Financing services** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Property management fee income	**120,244**	**—**	**—**	**—**	**120,244**
Others	**—**	**—**	**—**	**58,201**	**58,201**
Revenue from contracts with customers	**120,244**	**—**	**—**	**58,201**	**178,445**
Rental income	**—**	**176,349**	**—**	**—**	**176,349**
Interest income from financing services business	**—**	**—**	**25,587**	**—**	**25,587**
Total revenue	**120,244**	**176,349**	**25,587**	**58,201**	**380,381**

For the year ended 31 December 2021

	Property management *HK$'000*	Property investment *HK$'000*	Financing services *HK$'000*	Others *HK$'000*	Total *HK$'000*
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

6 REVENUE AND SEGMENT INFORMATION (Continued)

(a) *Revenue (Continued)*

(ii) *Performance obligations for contracts with customers*

Property management fee income

Under the terms of these contracts, the customers of the Group simultaneously receive and consume 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 (2021: twelve years)) and thus these income are recognised over time.

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

The transaction price allocated to the remaining performance obligations of property management services (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

	2022	2021
	HK$'000	*HK$'000*
Within one year	**14,768**	23,407
More than one year but not more than two years	**9,757**	15,260
More than two years but not more than five years	**13,159**	24,979
More than five years	**19,340**	14,163
	57,024	77,809

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

6 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue (Continued)

(iv) Leases

	2022 HK$'000	2021 HK$'000
For operating leases properties:		
– Lease payments that are fixed	**173,047**	206,638
– Variable lease payments that do not depend on an index or a rate	**3,302**	5,721
	176,349	212,359
For finance leases equipment and premises:		
– Interest income from financing services business	**–**	9
Total revenue arising from leases	**176,349**	212,368

(b) Segment information

Management has determined the operating segments based on the internal reports reviewed by the Group's chief operating decision makers ("CODM"), being the executive directors of the Company. The Group's organised into the following operating segments in their internal reports:

Property development: property development and sale of properties

Property investment: property leasing

Property management: provision of property management services

Financing services: provision of efficient financial leasing solutions and multiple consultancy services

Others: Income from operating hotel and primary school and provision of project management services

The CODM assess the performance of the operating segments based on a measure of segment result.

Segment result represents the (loss)/profit before taxation incurred by each segment without allocation of other income, unallocated corporate expenses, unallocated other (losses)/gains, gain on dilution of interests in an associate, share of results of associates, fair value (losses)/gains on other financial assets at FVTPL, fair value loss on loan receivables from associates and amounts due from associates at FVTPL and finance costs.

6 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

For the year ended 31 December 2022

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Financing services HK$'000	Total for reportable segments HK$'000	Others HK$'000	Total HK$'000
Revenue							
External sales	–	120,244	176,349	25,587	322,180	58,201	380,381
Result							
Segment results	(1,301)	1,973	153,445	1,741	155,858	(6,596)	149,262
Other income							130,516
Unallocated corporate expenses							(85,718)
Unallocated other gains and losses							(39,902)
Gain on dilution of interests in an associate							183,629
Fair value loss on other financial assets at FVTPL							(109,420)
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL							(202,171)
Share of results of associates							(60,881)
Finance costs							(46,006)
Loss before taxation							(80,691)

For the year ended 31 December 2021

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Financing services HK$'000	Total for reportable segments HK$'000	Others HK$'000	Total HK$'000
Revenue							
External sales	–	134,236	212,359	22,994	369,589	62,637	432,226
Result							
Segment results	(1,156)	5,919	179,729	34,922	219,414	(9,111)	210,303
Other income							176,722
Unallocated corporate expenses							(51,532)
Unallocated other gains and losses							(7,914)
Gain on dilution of interests in an associate							309,159
Fair value gain on other financial assets at FVTPL							142,256
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL							(210,082)
Share of results of associates							(193,180)
Finance costs							(19,484)
Profit before taxation							356,248

6 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

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. There is no seasonality of the operation of the Group.

Other segment information

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Financing services HK$'000	Others in operating segments HK$'000	Unallocated HK$'000	Consolidated HK$'000
For the year ended 31 December 2022							
Amounts included in measure of segment results:							
Depreciation of other property, plant and equipment	–	182	112	33	10,729	9,435	20,491
Depreciation of right-of-use assets included in property, plant and equipment	–	–	1,245	445	–	3,766	5,456
Fair value loss of investment properties	–	–	11,472	–	–	–	11,472
Impairment losses under ECL model - loans receivables	–	–	–	20,779	–	–	20,779
Amounts regularly provided to CODM but not included in the measure of segment results:							
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL	–	–	–	–	–	202,171	202,171
Gain on dilution of interests in an associate	–	–	–	–	–	(183,629)	(183,629)
Share of results of associates	–	–	–	–	–	60,881	60,881
Interest income (other than interest income from financing services)	–	–	–	–	–	(73,550)	(73,550)
Fair value loss on other financial assets at FVTPL	–	–	–	–	–	109,420	109,420
Finance costs	–	–	–	–	–	46,006	46,006

6 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Other segment information (Continued)

	Property development *HK$'000*	Property management *HK$'000*	Property investment *HK$'000*	Financing services *HK$'000*	Others in operating segments *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2021							
Amounts included in measure of segment results:							
Depreciation of other property, plant and equipment	–	395	42	43	11,862	12,052	24,394
Depreciation of right-of-use assets included in property, plant and equipment	–	–	1,296	515	–	6,385	8,196
Fair value gain of investment properties	–	–	2,413	–	–	–	2,413
Net reversal of impairment losses under ECL model							
– loans receivables	–	–	–	2,743	–	–	2,743
– finance lease receivables	–	–	–	81	–	–	81
– trade receivables	–	–	–	11,132	–	–	11,132
Amounts regularly provided to CODM but not included in the measure of segment results:							
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL	–	–	–	–	–	210,082	210,082
Gain on dilution of interests in an associate	–	–	–	–	–	(309,159)	(309,159)
Share of results of associates	–	–	–	–	–	193,180	193,180
Interest income (other than interest income from financing services)	–	–	–	–	–	(79,517)	(79,517)
Fair value gain on other financial assets at FVTPL	–	–	–	–	–	(142,256)	(142,256)
Finance costs	–	–	–	–	–	19,484	19,484

All the Group's revenue for both years is generated from the PRC. The Group's non-current assets other than financial instruments, deferred tax assets and interests in associates of HK$2,790,182,000 (2021: HK$3,079,251,000) and HK$11,281,000 (2021: HK$2,488,000), respectively, are located in the PRC and Hong Kong, based on the place of domicile of the group entities that hold such assets. No individual customer of the Group has contributed sales over 10% of the revenue of the Group during each of the year ended 31 December 2022 or 2021.

7 OTHER INCOME

	2022	2021
	HK$'000	*HK$'000*
Dividends from financial assets at FVTPL	**6,828**	92,818
Interest income on bank deposits	**29,733**	35,615
Interest income on pledged bank deposits	**35,452**	12,010
Interest income on structured deposits	**8,365**	24,363
Interest income on other financial assets at FVTPL	**47,971**	4,993
Others	**2,167**	6,923
	130,516	176,722

8 OTHER (LOSSES)/GAINS, NET

	2022	2021
	HK$'000	*HK$'000*
Net loss on disposal of property, plant and equipment	**(563)**	—
Net exchange (losses)/gains	**(33,191)**	182
Reversal of impairment losses under ECL model		
– Loans receivables	**–**	2,743
– Finance lease receivables	**–**	81
– Trade receivables	**–**	11,132
	(33,754)	14,138

9 FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest on borrowings	**44,016**	17,362
Interest on lease liabilities	**424**	412
Interest on deposits received for rental	**1,566**	1,710
	46,006	19,484

10 EXPENSES BY NATURE

	2022 HK$'000	2021 HK$'000
Staff cost (Note 11)	**142,866**	149,607
Depreciation on property, plant and equipment and rights-of-use assets (Note 16)	**25,947**	32,590
Legal and professional fee	**25,149**	16,864
Repair and maintenance	**17,810**	20,424
Utilities	**17,227**	19,631
Cleaning charges	**13,168**	15,231
Sundry expenses	**9,505**	11,338
Bank charges	**6,592**	4,985
Auditor's remuneration		
– Audit services	**4,150**	2,800
– Non-audit services	**630**	2,075
Expenses relating to short-term leases and leases of low-value assets	**4,297**	1,188
Others	**23,573**	21,187
Total cost of sales, selling and administrative expenses	**290,914**	297,920

11 EMPLOYEE BENEFIT EXPENSES

(a) Staff cost (including directors' remuneration)

	2022 HK$'000	2021 HK$'000
Wages and salaries	**133,765**	139,365
Retirement benefits schemes contributions	**9,101**	10,242
Total employee benefit expenses	**142,866**	149,607

11 EMPLOYEE BENEFIT EXPENSES (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included five (2021: four) directors whose emoluments are included in Note 12. The emoluments to the remaining nil (2021: one) individuals during the year are follows:

	2022	2021
	HK$'000	*HK$'000*
Salaries and other benefits	**–**	1,550
Retirement benefits schemes contributions	**–**	42
	–	1,592

The emoluments of the individuals fell within the following band:

	Number of individuals	
Emolument band	**2022**	2021
HK$1,500,001 - HK$2,000,000	–	1

During the year, no remuneration was paid by the Group to the five highest paid individuals or directors of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any remunerations for the years ended 31 December 2022 and 2021.

12 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

The emoluments paid or payable to each of the 8 (2021: 8) directors of the Company were as follows:

Year ended 31 December 2022

	Executive directors		Non-executive directors			Independent non-executive directors			
	Mr. Xiang Ya Bo HK$'000 (Note e)	Mr. Chen Wei HK$'000	Mr. Ou Yaping HK$'000	Mr. Ou Jin Yi Hugo HK$'000	Mr. Tang Yui Man Francis HK$'000	Mr. Xin Luo Lin HK$'000	Mr. Tian Jin HK$'000	Dr. Xiang Bing HK$'000	Total HK$'000
Fees (Note a)	–	–	–	–	–	250	250	250	750
Other emoluments									
Salaries and other benefits (Notes b and c)	3,949	1,200	2,880	1,200	2,068	–	–	–	11,297
Retirement benefits schemes contributions	18	42	42	18	18	–	–	–	138
Total emoluments	3,967	1,242	2,922	1,218	2,086	250	250	250	12,185

Year ended 31 December 2021

	Executive directors		Non-executive directors			Independent non-executive directors			
	Mr. Xiang Ya Bo HK$'000 (Note e)	Mr. Chen Wei HK$'000	Mr. Ou Yaping HK$'000	Mr. Ou Jin Yi Hugo HK$'000	Mr. Tang Yui Man Francis HK$'000	Mr. Xin Luo Lin HK$'000	Mr. Tian Jin HK$'000	Dr. Xiang Bing HK$'000	Total HK$'000
Fees (Note a)	–	–	–	–	–	250	250	250	750
Other emoluments									
Salaries and other benefits (Notes b and c)	4,157	2,240	3,065	650	2,240	–	–	–	12,352
Bonuses (Note c)	500	–	–	–	–	–	–	–	500
Retirement benefits schemes contributions	18	42	42	18	18	–	–	–	138
Total emoluments	4,675	2,282	3,107	668	2,258	250	250	250	13,740

Notes:

(a) The director's fee of independent non-executive directors is determined by the board of directors and the remuneration committee of the Company with reference to their duties and responsibilities with the Group and to be authorised by the shareholders of the Company at the annual general meeting.

(b) The emoluments of the directors are covered by their respective service contracts and/or supplemental agreements or letters of appointment entered into with the Group.

(c) The annual salary increment and year-end discretionary bonus (if any) of executive directors and non-executive directors are based on the review and recommendation from the remuneration committee of the Company with reference to their duties and responsibilities within the Group, the Group's performance and the prevailing market situation.

12 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

Notes: (Continued)

(d) The executive directors' emoluments (including Mr. Xiang Ya Bo and Mr. Chen Wei) shown above were for their services in connection with the management of the affairs of the Company and the Group. The directors' emoluments of the non-executive directors (including Mr. Ou Yaping, Mr. Ou Jin Yi Hugo and Mr. Tang Yui Man Francis) were for their services as directors of the Company and certain subsidiaries undertaking. The independent non-executive directors' emoluments were for their services as directors of the Company.

(e) Mr. Xiang Ya Bo is also the chief executive of the Company and his remuneration disclosed above included these services rendered by him as chief executive.

(f) Directors' termination benefits

None of the directors received or will receive any termination benefits during the years ended 31 December 2022 and 2021.

(g) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2022 and 2021, the Group did not pay consideration to any third parties for making available directors' services.

(h) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 December 2022 and 2021, there were no loans, quasi-loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors.

13 INCOME TAX EXPENSE

	2022	2021
	HK$'000	*HK$'000*
Current income tax		
- PRC Corporate Income Tax	**54,656**	74,427
- PRC Withholding Tax	**12,225**	—
Deferred income tax (Note 31)	**(27,801)**	36,504
	39,080	110,931

PRC Corporate Income Tax

The income tax provision of the Group in respect of operations in the PRC has been recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

The corporate income tax rate applicable to the group entities located in the PRC is 25% (2021: 25%) according to the Corporate Income Tax Law of the PRC (the "CIT Law").

13 INCOME TAX EXPENSE (Continued)

PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate.

PRC withholding tax

Pursuant to the Detailed Implementation Regulations for implementation of the CIT Law issued on 6 December 2017, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong.

Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% for the year ended 31 December 2022 (2021: 16.5%). Hong Kong profits tax has not been provided as the Group did not have any assessable profits for both years.

The taxation for the year can be reconciled to the (loss)/profit before income tax per consolidated statement of profit or loss as follows:

	2022	2021
	HK$'000	*HK$'000*
(Loss)/profit before income tax expense	**(80,691)**	356,248
Adjust for share of results of associates	**60,881**	193,180
	(19,810)	549,428
Tax calculated at domestic tax rates applicable to (loss)/profit in the respective countries	**(8,042)**	137,357
Tax effect of expenses not deductible for tax purpose	**39,176**	4,452
Tax effect of income not taxable for tax purpose	**(42,688)**	(87,099)
Tax effect on deferred tax liabilities resulting from withholding tax on undistributed profits of subsidiaries	**5,064**	4,825
Tax effect of tax losses not recognised	**316**	152
Utilisation of tax losses previously unrecognised	**(4,062)**	—
Tax effect of deductible temporary differences not recognised	**50,543**	52,521
Utilisation of deductible temporary difference previously not recognised	**(1,227)**	(1,277)
Income tax expense for the year	**39,080**	110,931

13 INCOME TAX EXPENSE (Continued)

Hong Kong profits tax (Continued)

Since 2012, Hong Kong Inland Revenue Department ("IRD") queried against a subsidiary of the Group regarding the chargeability of notional interest income received from an associate of the Group in the tax returns for the years of assessment 2005/2006 to 2013/2014. Up to 31 December 2022, the IRD has issued Notice of Assessments for the years of assessment 2006/2007 to 2013/2014 and the Group has purchased tax reserve certificates of approximately HK$134,750,000 (2021: HK$134,750,000) for conditional standover order of objection against the notices of Assessments for the years of assessment 2006/2007 to 2013/2014. The amount is presented as "other receivables" in the Group's consolidated statement of financial position as at 31 December 2022. In 2016, the IRD issued a letter informing the Group, that the IRD would put up the case for Commissioner's determination. In 2022, the Commissioner has issued notice of objection to the Group, and the Group has filed notice of appeal to Board of Review (Inland Revenue Ordinance) for hearing and determining tax appeals. Up to the date of issuance of these consolidated financial statements, the appeal hearing is yet to be held. Having taken advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary for the relevant years of assessments and hence it is not probable that an outflow of resources will be required to settle this obligation, thus no provision is recognised for the year ended 31 December 2022.

Furthermore, since 2011, the IRD has queried against another subsidiary of the Group regarding the offshore claim in respect of certain income on the transactions between group entities for the year of assessment 2007/2008. Up to 31 December 2022, the Group has purchased tax reserve certificate of approximately HK$23,649,000 (2021: HK$23,649,000) for conditional standover order of objection. The amount is presented as "other receivables" in the Group's consolidated statement of financial position as at 31 December 2022. In 2016, the IRD issued a letter informing the Group that the IRD would put up the case for Commissioner's determination. In 2022, the Commissioner has issued notice of objection to the Group and the Group has filed notice of appeal to Board of Review (Inland Revenue Ordinance) for hearing and determining tax appeals. Up to the date of issuance of these consolidated financial statements, the appeal hearing is yet to be held. Having taken advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary for the relevant year of assessment and hence it is not probable that an outflow of resources will be required to settle this obligation. Thus no provision is recognised for the year ended 31 December 2022.

14 DIVIDENDS

The directors of the Company do not recommend the payment of a dividend in respect of the year ended 31 December 2022 (2021: nil).

15 (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	2022	2021
	HK$'000	*HK$'000*
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	**(143,388)**	190,711

	2022	2021
Weighted average number of ordinary shares in issue	**6,374,003,096**	5,717,975,563

	2022	2021
Basic (loss)/earnings per share (HK$ cents)	**(2.25)**	3.34

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the net loss and the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive shares.

For the year ended 31 December 2022, the Group has two categories of potentially dilutive shares: share options issued by the Company and an associated company – ZhongAn International (2021: share options issued by the Company and an associated company – ZhongAn International).

The diluted (loss)/earnings per share is same as the basic (loss)/earnings per share for both years as the impact of the exercise of the share options of the Company and ZhongAn International was anti-dilutive.

16 PROPERTY, PLANT AND EQUIPMENT

	Leasehold lands and buildings HK$'000	Right-of-use assets HK$'000 (Note 16(b))	Hotel buildings HK$'000	Building improvement in hotel HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
As at 1 January 2021	209,081	100,651	262,230	191,793	80,846	15,612	860,213
Disposals	–	–	–	–	(360)	–	(360)
Additions	2,106	1,267	–	–	518	6	3,897
Currency realignment	6,163	2,269	7,691	5,627	1,648	360	23,758
As at 31 December 2021	217,350	104,187	269,921	197,420	82,652	15,978	887,508
Disposals	–		–	–	(8)	–	(8)
Additions	3,472	10,119	–	–	481	–	14,072
Currency realignment	(16,796)	(6,427)	(22,671)	(16,581)	(5,058)	(598)	(68,131)
As at 31 December 2022	204,026	107,879	247,250	180,839	78,067	15,380	833,441
Depreciation and impairment							
As at 1 January 2021	128,978	32,659	140,770	191,793	72,274	12,472	578,946
Charge for the year	13,199	8,196	9,039	–	1,296	860	32,590
Disposals	–	–	–	–	(241)	–	(241)
Currency realignment	3,929	940	4,269	5,627	1,545	291	16,601
As at 31 December 2021	146,106	41,795	154,078	197,420	74,874	13,623	627,896
Charge for the year	10,784	5,456	8,683	–	357	667	25,947
Disposals	–	–	–	–	(6)	–	(6)
Currency realignment	(11,907)	(1,430)	(12,595)	(16,581)	(4,453)	(873)	(47,839)
As at 31 December 2022	144,983	45,821	150,166	180,839	70,772	13,417	605,998
Carrying values							
As at 31 December 2022	59,043	62,058	97,084	–	7,295	1,963	227,443
As at 31 December 2021	71,244	62,392	115,843	–	7,778	2,355	259,612

The carrying amount of the Group's leasehold land and buildings and hotel buildings comprises properties mainly situated in the PRC.

There was no non-current assets pledged as security by the Group.

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment assessment on hotel buildings

In previous years, the Group recorded an impairment loss on hotel buildings due to the loss-making hotel operation suffered by the Group. As at 31 December 2022, the aggregate impairment losses on hotel buildings was HK$58,882,000 (2021: HK$58,882,000).

Management considers the loss incurred by the hotel operation for the year ended 31 December 2022 to be an impairment indicator, as a result, the Group carried out a review of the recoverable amount of the hotel. The recoverable amount of the hotel buildings as at 31 December 2022 and 2021 has been arrived at on the basis of a valuation carried out by Messrs. Cushman & Wakefield Limited ("C&W"), an independent professional valuer which is not connected with the Group, who are the members of The Hong Kong Institute of Surveyors.

As at 31 December 2022, the recoverable amount of hotel buildings was assessed based on fair value less costs of disposal. The fair value of the hotel building was determined based on income capitalisation approach, which the fair value measurement categorised within Level 3 of the fair value hierarchy. There has been no change to the valuation technique during both years. One of the key unobservable inputs used in valuation was adjusted room rent of RMB30 (2021: RMB30) per square meter per month. A 5% (2021: 5%) decrease in adjusted room rent used would result 5.6% (2021: 4.6%) decrease in the fair value measurement, and vice versa. Another key unobservable input used in the valuation was capitalisation rate of 10% (2021: 10%). A 1% (2021: 1%) increase in capitalisation rate used would result 9.3% (2021: 8.3%) decrease in the fair value measurement, and vice versa.

Since the recoverable amount of the hotel buildings and building improvement in hotel determined based on the above is higher than the carrying amount as at 31 December 2022 and 2021, no impairment loss is recognised in profit or loss during the years ended 31 December 2022 and 2021.

16(b) LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The balance sheet shows the following amounts relating to leases:

	2022	2021
	HK$'000	*HK$'000*
Right-of-use assets		
Leasehold land	**53,691**	59,927
Leased properties	**8,367**	2,465
	62,058	62,392
Lease liabilities		
Current	**1,844**	2,501
Non-current	**7,274**	—
	9,118	2,501

For the year ended 31 December 2022, additions to the right-of-use assets were HK$10,119,000 (2021: HK$1,267,000).

16(b) LEASES (Continued)

(ii) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right-of-use assets

	2022	2021
	HK$'000	HK$'000
Leasehold land	**1,245**	1,296
Leased properties	**4,211**	6,900
	5,456	8,196
Interest expense (included in finance cost)	**424**	412
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	**4,030**	1,095
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	**267**	93

The total cash outflow for leases for the year ended 31 December 2022 was HK$8,878,000 (2021: HK$11,364,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices for its operation. Rental contracts are typically made for fixed periods of one to six years (2021: one to three years) but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor.

(iv) Extension and termination options

The Group has extension option in a lease for an office. It is used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension option held is exercisable only by the Group and not by the lessor.

During the years ended 31 December 2022 and 2021, the Group did not exercise any renewal options.

17 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 of office and retail premises 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% (2021: 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.

	2022	2021
	HK$'000	*HK$'000*
Opening net book amount	**2,822,127**	2,739,311
Fair value change on investment properties	**(11,472)**	2,413
Exchange realignment	**(236,635)**	80,403
	2,574,020	2,822,127

(i) Amounts recognised in profit or loss for investment properties

	2022	2021
	HK$'000	*HK$'000*
Rental income from operating leases	**176,349**	212,359
Direct operating expenses from investment properties that generated rental income during the year	**(10,926)**	(10,295)
Direct operating expenses from investment properties that did not generate rental income during the year	**(2,360)**	(2,025)

(ii) Valuation processes of the Group

The Group measures its completed investment properties at fair value at 31 December 2022 and 2021, which have been arrived at on the basis of a valuation carried out on those dates by an independent qualified professional valuer, who is the member of the Hong Kong Institute of Surveyors. For all investment properties, their current use equates to the highest and best use.

The management of the Group works closely with the independent professional valuer to establish and determine the appropriate valuation techniques and inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the executive directors of the Company to explain the cause of the fluctuations.

17 INVESTMENT PROPERTIES (Continued)

(iii) Valuation techniques

The fair values of investment properties were 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.

The fair value measurement of the Group's investment properties is categorised into level 3 in the fair value hierarchy based on the inputs to valuation techniques used. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3. There has been no change from the valuation technique used in the prior year for offices and retail premises. There were no changes to the valuation techniques during the year.

At 31 December 2022, the Group's investment properties with carrying values of HK$516,237,000 (31 December 2021: HK$563,570,000) were pledged to secure general banking facilities granted to the Group.

Information about fair value measurements using significant unobservable inputs

The following table shows the valuation techniques used in the determination of fair values for investment properties and unobservable inputs used in the valuation models.

Description	Fair value *HK$'000*	Valuation techniques	Key inputs	Range of significant inputs	Relationship of inputs to fair value
As at 31 December 2022					
Office and retail premises	1,937,290	Income capitalisation approach	(i) Capitalisation rate	4.75% - 6.75%	(i) The higher the capitalisation rate, the lower the fair value.
			(ii) Market rent (sq.m./month)	(a) Office: RMB145	(ii) The higher the market rent, the higher the fair value.
				(b) Retails: RMB92 to RMB141	
Car parks	636,730	Income capitalisation approach	(i) Capitalisation rate	4.75%	(i) The higher the capitalisation rate, the lower the fair value.
			(ii) Market rent (sq.m./month)	RMB200 to RMB620	(ii) The higher the market rent, the higher the fair value.
	2,574,020				

17 INVESTMENT PROPERTIES (Continued)

(iii) Valuation techniques (Continued)

Description	Fair value *HK$'000*	Valuation techniques	Key inputs	Range of significant inputs	Relationship of inputs to fair value
As at 31 December 2021					
Office and retail premises	2,073,350	Income capitalisation approach	(i) Capitalisation rate	4.25% - 6.75%	(i) The higher the capitalisation rate, the lower the fair value.
			(ii) Market rent (sq.m./month)	(a) Office: RMB148 to RMB178	(ii) The higher the market rent, the higher the fair value.
				(b) Retails: RMB121 to RMB167	
Car parks	748,777	Income capitalisation approach	(i) Capitalisation rate	4.25%	(i) The higher the capitalisation rate, the lower the fair value.
			(ii) Market rent (sq.m./month)	RMB250 to RMB600	(ii) The higher the market rent, the higher the fair value.
	2,822,127				

18 INTEREST IN ASSOCIATES

	2022	2021
	HK$'000	*HK$'000*
Cost of unlisted interests in associates	**2,516,232**	1,843,989
Share of post-acquisition results and gain on dilution of interests in an associate	**(719,493)**	(551,045)
	1,796,739	1,292,944

18 INTEREST IN ASSOCIATES (Continued)

Details of the Group's principal associates as at 31 December 2022 and 2021 are as follows:

Name of associate	Place of incorporation/ establishment and form of business structure	Principal place of operation	Percentage of equity interest attributable to the Group 2022	2021	Principal activities
Interest directly held by the Group					
RGAP	BVI - limited liability company	PRC	49%	49%	Investment holding
ZhongAn International	Hong Kong - limited liability company	Hong Kong	44.75%	43.21%	Technology development/ Technology consulting
Chongqing ZhongAn Loan Co., Ltd. ("Chongqing ZhongAn")	PRC - sino-foreign equity joint venture	PRC	17.64%	17.64%	Money lending in the PRC
*Key subsidiaries of RGAP**					
Shanghai Bund de Rockefeller Group Master Development Co., Ltd. ("Shanghai Rockefeller")	PRC - sino-foreign equity joint venture	PRC	44.57%#	44.57%#	Property development and property investment
Shanghai Rockbund Property Management Limited	PRC - limited liability company	PRC	44.57%#	44.57%#	Property management
Key subsidiaries of ZhongAn International@					
ZA Tech Global Limited	Hong Kong	Hong Kong	21.93%#	21.17%#	Technology development/ Technology consulting
ZA Bank Limited	Hong Kong	Hong Kong	44.75%#	43.21%#	Virtual banking
ZA Life Limited	Hong Kong	Hong Kong	29.09%#	28.09%#	Life insurance

* RGAP has 90.96% interest in Shanghai Rockefeller and Shanghai Rockbund Property Management Limited as at 31 December 2022 and 2021.

The percentage represented the effective interest in these entities by the Group.

@ ZhongAn International has 49% interest in ZA Tech Global Limited. The directors of ZhongAn International considered that ZhongAn International controls ZA Tech Global Limited, even though it holds less than half of the equity interests as the subscription agreement signed between the shareholders of ZA Tech Global Limited grants ZhongAn International the right to appoint a majority of the board of directors who is responsible for directing the relevant activities of ZA Tech Global Limited.

ZhongAn International has 100% and 65% interest in ZA Bank Limited and ZA Life Limited, respectively.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs.

18 INTEREST IN ASSOCIATES (Continued)

RGAP Group

The functional currency of RGAP is RMB. For financial reporting purpose, the assets and liabilities of RGAP Group are translated into HK$ using exchange rates prevailing at the end of the reporting period, while income and expenses items are translated at the average exchange rate for the year.

Summarised consolidated statement of financial position	**2022**	2021
	HK$'000	*HK$'000*
Current assets		
Cash and cash equivalents	**91,395**	231,644
Other current assets	**1,712,157**	1,472,919
Total current assets	**1,803,552**	1,704,563
Total non-current assets	**6,656,861**	6,394,136
Current liabilities		
Financial liabilities (excluding trade payables)	**(95,520)**	(94,995)
Other current liabilities	**(761,578)**	(773,029)
Total current liabilities	**(857,098)**	(868,024)
Non-current liabilities		
Financial liabilities (excluding trade payables)	**(2,691,834)**	(2,860,335)
Other non-current liabilities	**(6,865,827)**	(6,384,531)
Total non-current liabilities	**(9,557,661)**	(9,244,866)
Net liabilities	**(1,954,346)**	(2,014,191)
Deficit in equity attributable to owners of RGAP	**(1,909,731)**	(1,969,576)
Non-controlling interests of RGAP's subsidiaries	**(44,615)**	(44,615)
	(1,954,346)	(2,014,191)

18 INTEREST IN ASSOCIATES (Continued)

RGAP Group (Continued)

Summarised consolidated statement of comprehensive income	**2022**	2021
	HK$'000	*HK$'000*
Revenue	**172,464**	201,208
Interest income	**1,072**	1,354
Other gains and losses	**717,176**	175,260
Depreciation and amortisation	**(41,773)**	(42,092)
Interest expense	**(239,777)**	(273,416)
Other expenses	**(42,931)**	(48,777)
Profit before income tax expense	**566,231**	13,537
Income tax expense	**(215,440)**	(50,435)
Profit/(loss) for the year	**350,791**	(36,898)
Group's reversal of share of loss of associates for the year (note (i))	**187,743**	153,838

Note:

(i) As mentioned in Note 20, the fair value loss of HK$202,171,000 (2021: HK$210,082,000) is recognised on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL. The fair value of the loan receivable from an associate at FVTPL and amounts due from associates at FVTPL before share of loss and other comprehensive expenses of associates in excess of cost of investment is HK$516,339,000 (2021: HK$704,082,000) and nil respectively as at 31 December 2022. The Group limits the recognition of the RGAP Group's losses to HK$516,339,000 (2021: HK$704,082,000) as the carrying amount of its net investment in RGAP Group is then zero, the Group reversed the share of loss of RGAP Group recognised in previous years of HK$187,743,000 (2021: HK$153,838,000) during the year ended 31 December 2022.

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2022	2021
	HK$'000	*HK$'000*
Net liabilities of RGAP Group attributable to owners of RGAP	**(1,909,731)**	(1,969,576)
Proportion of the Group's ownership interest in RGAP Group	**49%**	49%
Carrying amount of the Group's interest in RGAP Group	**–**	–

The cumulative loss in excess of cost of interest in RGAP recognised against loan receivable from RGAP is disclosed in Note 20. Cumulative unrecognised share of loss of RGAP is HK$187,773,000 (2021: HK$171,918,000) as at 31 December 2022.

Chongqing ZhongAn

During the year ended 31 December 2021, all shareholders of Chongqing ZhongAn further invested in Chongqing ZhongAn in proportion to their existing shareholding and the Group has invested HK$107,334,000 in cash.

18 INTEREST IN ASSOCIATES (Continued)

Chongqing ZhongAn (Continued)

The management of the Group considers that the Group has significant influence over Chongqing ZhongAn because the Group can appoint one out of five directors of Chongqing ZhongAn to participate in the financial and operating policy decisions of Chongqing ZhongAn based on the shareholders' agreement. Thus, the Group can exercise its significant influence over Chongqing ZhongAn.

The functional currency of Chongqing ZhongAn is RMB. For financial reporting purpose, the assets and liabilities of Chongqing ZhongAn are translated into HK$ using exchange rates prevailing at the end of the reporting period, while income and expenses items are translated at the average exchange rate for the year. Details of the financial information of Chongqing ZhongAn are as follows:

Summarised consolidated statement of financial position	**2022** ***HK$'000***	2021 *HK$'000*
Current assets		
Cash and cash equivalents	**114,343**	376,150
Other current assets	**1,484,853**	1,401,559
Total current assets	**1,599,196**	1,777,709
Total non-current assets	**45,151**	6,660
Current liabilities		
Financial liabilities (excluding trade payables)	**(341,608)**	(169,698)
Other current liabilities	**(88,044)**	(32,681)
Total current liabilities	**(429,652)**	(202,379)
Non-current liabilities		
Financial liabilities (excluding trade payables)	**(19,336)**	(290,452)
Other non-current liabilities	**(867)**	(174)
Total non-current liabilities	**(20,203)**	(290,626)
Net assets	**1,194,492**	1,291,364
Summarised statement of comprehensive income		
Revenue	**430,419**	268,659
Interest income	**1,175**	1,073
Provision for loss allowance on financial assets	**(116,638)**	(66,541)
Depreciation and amortisation	**(1,300)**	(1,230)
Other expenses	**(278,769)**	(152,226)
Profit before income tax expense	**34,887**	49,735
Income tax expense	**(10,525)**	(12,956)
Profit for the year	**24,362**	36,779
Group's share of profit of associate for the year	**4,298**	6,488

18 INTEREST IN ASSOCIATES (Continued)

Chongqing ZhongAn (Continued)

Reconciliation of the above summarised financial information of Chongqing ZhongAn to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2022	2021
	HK$'000	*HK$'000*
Net assets attributable to owners of Chongqing ZhongAn	**1,194,492**	1,291,364
Proportion of the Group's ownership interest in Chongqing ZhongAn	**17.64%**	17.64%
	210,708	227,797
Currency realignment	**17,424**	(3,963)
Carrying amount of the Group's interest in Chongqing ZhongAn	**228,132**	223,834

ZhongAn International and its subsidiaries (collectively known as "ZhongAn International Group")

In November 2021, the Group has further subscribed for 74,212,258 ordinary shares of ZhongAn International for HK$381,580,000 in cash. Furthermore, in November 2021, ZhongAn International has issued new shares to ZhongAn Information Technology Services Co., Limited ("ZhongAn Technology"), 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 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.

In March 2022, ZhongAn International has issued 105,088,530 shares to the other shareholder of ZhongAn International, and thus, the Group's equity interests in ZhongAn International further decreased from 43.21% to 41.50%. The dilution of the interests in ZhongAn International resulted in a gain of approximately HK$183,629,000, 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 consolidated statement of profit or loss during the year ended 31 December 2022.

In September 2022, the Group entered a Share Purchase Agreement pursuant to which the Group agreed to subscribe for 156,060,606 new ordinary shares of ZhongAn International for a total subscription price of USD103,000,000 (equivalent to HK$806,490,000) payable in cash (the "Additional Subscription"). The Additional Subsciption was completed on 14 September 2022. The Group has injected approximately HK$806,490,000 by cash in September 2022. Thus, the Group's equity interests in ZhongAn International increased from 41.5% to 44.75%.

In September 2022, the Group has redeemed all redeemable preference shares of ZhongAn International for HK$590,323,000 in cash.

18 INTEREST IN ASSOCIATES (Continued)

ZhongAn International and its subsidiaries (collectively known as "ZhongAn International Group") (Continued)

Details of the financial information of ZhongAn International Group are as follows:

Summarised consolidated statement of financial position	**2022**	2021
	HK$'000	*HK$'000*
Current assets		
Cash and cash equivalents	**1,387,240**	3,104,095
Other current assets	**5,497,141**	2,603,451
Total current assets	**6,884,381**	5,707,546
Total non-current assets	**7,017,125**	6,451,376
Current liabilities		
Financial liabilities (excluding trade payables)	**(1,147,251)**	(1,074,167)
Other current liabilities	**(9,597,570)**	(7,357,418)
Total current liabilities	**(10,744,821)**	(8,431,585)
Non-current liabilities		
Financial liabilities (excluding trade payables)	**(82,089)**	(2,307)
Other non-current liabilities	**(302,117)**	(180,324)
Total non-current liabilities	**(384,206)**	(182,631)
Net assets	**2,772,479**	3,544,706
Reconciliation to carrying amounts:		
Opening carrying amounts 1 January	**1,069,110**	730,944
Profit for the period	**(252,922)**	(353,506)
Other comprehensive income	**(144,078)**	(21,703)
Capital injections	**806,490**	381,580
Gain on dilution	**183,629**	309,159
Exchange realignment	**(93,622)**	22,636
Closing carrying amounts	**1,568,607**	1,069,110
Surplus in equity attributable to owners of ZhongAn International Group	**2,470,256**	2,215,530
Redeemable preference shares (Note 25(i))	**—**	1,047,192
Non-controlling interests of subsidiaries of ZhongAn International Group	**302,223**	281,984
	2,772,479	3,544,706

18 INTEREST IN ASSOCIATES (Continued)

ZhongAn International and its subsidiaries (collectively known as "ZhongAn International Group") (Continued)

Summarised consolidated statement of comprehensive income	2022	2021
	HK$'000	HK$'000
Revenue	1,403,211	647,924
Interest income	41,313	24,023
Other income, other gains and losses	29,257	12,281
Interest expense	(84,125)	(60,097)
Depreciation and amortisation	(28,362)	(27,283)
Other expenses	(1,931,725)	(1,407,360)
Share of results of associates and joint ventures	(21,510)	(17,067)
Loss before income tax expense	(591,941)	(827,579)
Income tax expense	–	(224)
Loss after income tax expense	(591,941)	(827,803)
Other comprehensive expense for the year	(373,217)	(51,740)
Total comprehensive expense for the year	(965,158)	(879,543)
Loss for the year attributable to:		
Owners of ZhongAn International	(614,976)	(740,897)
Non-controlling interests of subsidiaries of ZhongAn International	23,035	(86,906)
	(591,941)	(827,803)
Other comprehensive expense for the year attributable to:		
Owners of ZhongAn International	(357,736)	(44,807)
Non-controlling interests of subsidiaries of ZhongAn International	(15,481)	(6,933)
	(373,217)	(51,740)
Group's share of loss of associate for the year	(252,922)	(353,506)
Group's share of other comprehensive expense of associate for the year	(144,078)	(21,703)

18 INTEREST IN ASSOCIATES (Continued)

ZhongAn International and its subsidiaries (collectively known as "ZhongAn International Group") (Continued)

Reconciliation of the above summarised financial information of ZhongAn International Group to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2022	2021
	HK$'000	*HK$'000*
Net assets attributable to owners of ZhongAn International Group	**2,470,256**	2,215,530
Proportion of the Group's ownership interest in ZhongAn International Group	**44.75%**	43.21%
	1,105,440	957,331
Currency realignment	**(27,770)**	65,852
Other adjustment (Note)	**490,937**	45,927
Carrying amount of the Group's interest in ZhongAn International Group	**1,568,607**	1,069,110

Note:

Other adjustment represented the Group's contribution to ZhongAn International Group which is not in proportion to equity interest shared by the Group and transaction with non-controlling shareholder by ZhongAn International.

19 EQUITY INSTRUMENTS AT FVTOCI

	As at 31 December 2022	As at 31 December 2021	As at 1 January 2021
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
		(Note 2(c))	(Note 2(c))
Equity securities of ZhongAn Online, at fair value (i)	**1,741,500**	2,187,320	2,924,506
Equity securities of an entity listed in Hong Kong, at fair value	**62,730**	65,300	89,313
Unlisted fund investments in the PRC and overseas, at fair value	**71,226**	111,801	91,529
Unlisted equity securities in Hong Kong and the PRC	**7,719**	13,049	13,417
Total (Note (ii))	**1,883,175**	2,377,470	3,118,765

Notes:

(i) The Group held 81,000,000 the publicly-traded ordinary share capital of ZhongAn Online ("ZhongAn Online H Shares") that subject to lock-up mechanisms. As at 31 December 2022, the lock-up of 62,057,778 (31 December 2021: 62,057,778) (1 January 2021: 81,000,000) ZhongAn Online H Shares will be expired in December 2024. The fair value of investment in ZhongAn Online as at 31 December 2022 and 31 December 2021 have been arrived based on the quoted bid prices in an active market.

(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.

20 LOAN RECEIVABLE FROM AN ASSOCIATE AT FVTPL/AMOUNTS DUE FROM ASSOCIATES AT FVTPL

	2022	2021
	HK$'000	*HK$'000*
Loan receivable from an associate and amounts due from associates at FVTPL	**516,339**	704,082
Less: Share of loss and other comprehensive expenses of associates in excess of cost of investment	**(516,339)**	(704,082)
	–	–

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 at 31 December 2022 and 2021, amounts due from associates, which represented the current account with RGAP Group which also forms part of the net investment in RGAP. The loan receivable from an associate and amounts due from associates are 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.

As the loan receivable from an associate and amounts due from associates were 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 and amounts due from associates.

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 the repayments of loan receivable and amounts due from associates do not solely payments of principal and interest on the principal amount outstanding. 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 at FVTPL and amounts due from associates at FVTPL 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. Details of the valuation techniques and key inputs are stated in Note 4.1.

20 LOAN RECEIVABLE FROM AN ASSOCIATE AT FVTPL/AMOUNTS DUE FROM ASSOCIATES AT FVTPL (Continued)

A fair value loss of HK$202,171,000 (2021: HK$210,082,000) is recognised in profit or loss during the year ended 31 December 2022. The Group limits the recognition of the RGAP Group's losses to HK$516,339,000 (2021: 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$187,743,000 during the year ended 31 December 2022 (2021: HK$153,838,000). Accordingly, the Group has net loss of HK$14,428,000 (2021: HK$56,244,000) (representing the fair value loss of HK$202,171,000 (2021: HK$210,082,000) and reversal of share of loss of HK$187,743,000 (2021: HK$153,838,000)) in respect of investment in RGAP being recognised in the profit or loss during the year ended 31 December 2022.

21 STOCK OF PROPERTIES

	2022	2021
	HK$'000	*HK$'000*
Properties under development	**873,634**	951,774

Properties under development of the Group were all located in the PRC and expected to be completed and available for sale within normal operating cycle.

At 31 December 2022 and 2021, no properties under development were pledged as securities for the Group's borrowing.

22 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022	2021
	HK$'000	*HK$'000*
Trade receivables from property management and property investment business, net	**7,602**	4,729
Less: loss allowance	**—**	—
Total trade receivables, net	**7,602**	4,729
Interest receivables from bank deposits	**70,122**	17,111
Other receivables, deposits and prepayments	**40,470**	31,594
Tax reserve certificate	**158,399**	158,399
	276,593	211,833
Non-current	**231,618**	158,399
Current	**44,975**	53,434
	276,593	211,833

22 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

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:

	2022	2021
	HK$'000	*HK$'000*
Aged:		
0 to 60 days	**5,466**	3,348
61 to 180 days	**1,052**	1,186
Over 181 days	**1,084**	195
	7,602	4,729

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 2022, trade receivables from property management and property investment of HK$2,136,000 (2021: HK$1,381,000) 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 2022 and 2021.

The Group applies simplified approach to provide for ECL for trade receivables prescribed by HKFRS 9. Details of the ECL of trade receivables, other receivables and deposits were disclosed in Note 4.1.

23 LOANS RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Loans receivables (Note (i))	**541,852**	562,236
Less: loss allowance	**(29,965)**	(10,711)
Total	**511,887**	551,525
The loan receivables analysed as follows:		
Non-current	**53,258**	383,822
Current	**458,629**	167,703
Total	**511,887**	551,525

Notes:

(i) Loans receivables to independent third parties are unsecured, carried at fixed interest rate ranged from 4.0% to 7.0% (2021: 4.0% to 7.0%) per annum and will be matured in 2023 to 2024 (2021: 2022 to 2023).

The Group applies general approach to provide for ECL for loan receivables prescribed by HKFRS 9. Details of the ECL of loan receivables was disclosed in Note 4.1.

24 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 2022 *HK$'000*	**Present value of minimum lease payments 2022 *HK$'000***	Minimum lease payments 2021 *HK$'000*	Present value of minimum lease payments 2021 *HK$'000*
Finance lease receivables comprise:				
Within one year	**–**	**–**	5,286	5,277
In the second year	**–**	**–**	2	1
In the third year	**–**	**–**	–	–
Gross investment in the lease	**–**	**–**	5,288	5,278
Less: Unearned finance income	**–**	**N/A**	(10)	N/A
Present value of lease obligations	**–**	**–**	5,278	5,278
Less: allowance for credit loss	**–**	**–**	(5,273)	(5,273)
	–		5	
Less: Amounts receivable within one year (shown as current assets)		**–**		(4)
Amount receivable after one year (shown as non-current assets)		**–**		1

The effective interest rates of the finance leases as at 31 December 2021 ranged from 5.5% to 10.0% per annum.

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

The finance lease receivables of HK$5,000 as at 31 December 2021 are neither past due nor impaired.

24 FINANCE LEASE RECEIVABLES (Continued)

As at 31 December 2021, the directors of the Company considered the gross carrying amount of HK$5,273,000 as in default and credit-impaired in view of no settlement arrangement could be made during the year ended 31 December 2021 and the Group took legal action against the debtor to recover the amount. During the year ended 31 December 2022, a balance of HK$4,830,000 was written-off.

25 OTHER FINANCIAL ASSETS AT FVTPL

	2022	2021
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong	**3,304**	6,728
Equity securities listed in the PRC	**5,269**	21,619
Equity securities listed in the overseas	**7,151**	22,255
Investments in Redeemable Preference Shares (Note (i))	**—**	633,473
Unlisted fund investments in the PRC (Note (ii))	**218,119**	320,981
Unlisted fund investments in the overseas	**114,781**	144,354
	348,624	1,149,410
Other financial assets analysed as follows:		
Non-current	**340,051**	1,121,063
Current	**8,573**	28,347
	348,624	1,149,410

Notes:

(i) The Group has subscribed 500,000,000 redeemable preference shares of ZhongAn International ("Redeemable Preference Shares") at a consideration of RMB500,000,000 (equivalent to HK$600,197,000) during the year ended 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. 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 which the Group accounted for as interests in associates, the Group's investment in Redeemable Preference Shares is accordance with HKFRS 9 and measured at FVTPL. During the year ended 31 December 2022, ZhongAn International redeemed the entire Redeemable Preference Shares from the Group for HK$590,323,000 in cash.

(ii) The Group had committed to invest RMB150,000,000 (equivalent to HK$183,374,000) for establishment of an investment fund in previous years. During the year ended 31 December 2020, the Group invested RMB75,000,000 (equivalent to HK$82,147,000) in that investment fund. During year ended 31 December 2021, a supplementary agreement was entered by all investees that the remaining commitments were waived.

Details of the fair value estimation on other financial assets at FVTPL are set out in Note 4.1.

26 BANK DEPOSITS, PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Bank deposits

Bank deposits classified as non-current assets are deposits with banks with a maturity period of more than twelve months at the date of inception and will mature after twelve months from the end of the reporting period. Bank deposits classified as current assets are deposits with banks with a maturity period of more than twelve months that will mature within twelve months from the end of the reporting period. The bank deposits carry interest at prevailing market rate ranging from 2.60% to 3.75% (2021: ranging from 2.10% to 3.75%) per annum as at 31 December 2022.

Pledged bank deposits

The Group's pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. As at 31 December 2022, there are pledged bank deposits of HK$1,164,726,000 (2021: HK$930,275,000) to secure the bank borrowings granted to the Group. The pledged bank deposits carry interest at prevailing market rate ranging from 2.85% to 3.50% (2021: 3.50%) per annum as at 31 December 2022.

Cash and cash equivalents

	2022	2021
	HK$'000	*HK$'000*
Cash and cash equivalents comprise:		
Bank balances and cash	**736,887**	1,344,773
Deposits in the brokers' house that can be withdrawn anytime with no penalty	**109,220**	194,581
Total	**846,107**	1,539,354

Bank balances carry interest at prevailing market rates which range from 0.00% to 3.75% (2021: 0.00% to 3.50%) per annum as at 31 December 2022.

Deposits in the brokers' house are for securities trading purpose. The deposits are interest-free, have no maturity date and there is no restriction on withdrawal of the deposits.

At the end of the reporting period, the Group has the following bank deposits, pledged bank deposits and cash and cash equivalents denominated in foreign currencies of the relevant group entities:

	2022	2021
	HK$'000	*HK$'000*
United States Dollar ("USD")	**11,506**	25,831
HK$	**16,258**	17,954
RMB	**12,000**	1,237

Details of ECL on bank deposits, pledged bank deposits and cash and cash equivalents are set out in Note 4.1.

27 STRUCTURED DEPOSITS

The Group entered into deposit placement 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 quoted in the market as specified in the relevant agreements.

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

As at 31 December 2021

Principal amount	Maturity	Annual coupon rate	Notes
RMB216,500,000 (equivalent to HK$264,670,000)	January 2022	from 1.30% to 4.21%	(i)
RMB4,500,000 (equivalent to HK$5,501,000)	January 2022	from 1.30% to 3.41%	(ii)
RMB30,000,000 (equivalent to HK$36,675,000)	March 2022	from 1.30% to 3.41%	(iii)

Notes:

(i) The annual interest rate is dependent on whether exchange rate between Euro and USD is higher than that as specified in the relevant deposit placements during the period from inception date to maturity date of the relevant agreements.

(ii) The annual interest rate is dependent on whether exchange rate between Australian Dollar and USD is higher than that as specified in the relevant deposit placements during the period from inception date to maturity date of the relevant agreements.

(iii) The annual interest rate is dependent on whether exchange rate between Canadian Dollar and USD is higher than that as specified in the relevant deposit placements during the period from inception date to maturity date of the relevant agreements.

During the year ended 31 December 2022, the Group placed structured deposits with the principal amount of RMB64,000,000 (equivalent to HK$74,160,000) and all structured deposits with the principal amount of RMB315,000,000 (equivalent to HK$365,186,000) were matured and received.

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 are measured at FVTPL. Details of the fair value measurement over the structured deposits at FVTPL are disclosed in Note 4.1.

28 TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2022 HK$'000	2021 HK$'000
Trade payables	**30,182**	33,387
Accruals for construction work	**161,637**	176,457
Deposits received for rental	**37,094**	38,660
Advance lease payments	**11,694**	13,837
Deposits received for management fee	**42,799**	47,097
Other tax payables	**16,964**	18,520
Salaries payable and staff welfare payables	**52,608**	58,589
Other payables and accrued charges	**75,303**	68,702
	428,281	455,249

The following is an aged analysis of trade payables (including amounts due to related parties of trading in nature), based on the invoice date, at the end of the reporting period:

	2022 HK$'000	2021 HK$'000
Aged:		
0 to 90 days	**4,543**	5,237
91 to 180 days	**1,018**	1,621
181 to 360 days	**1,736**	201
Over 360 days	**22,885**	26,328
	30,182	33,387

29 CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
Property management	**3,779**	4,180
Others	**6,187**	4,953
	9,966	9,133

When the Group receives a deposit before the provision of services, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit. The Group typically receives a one year deposit for certain property management and other services.

29 CONTRACT LIABILITIES (Continued)

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	2022	2021
	HK$'000	*HK$'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**9,133**	10,242

30 BORROWINGS

	2022	2021
	HK$'000	*HK$'000*
Bank borrowings – secured and repayable on demand	**1,153,600**	955,000

	Bank borrowings	
	2022	2021
	HK$'000	*HK$'000*
Carrying amounts of borrowings that contain a repayable on demand clause (shown under current liabilities) but repayable:		
Within one year	**102,180**	65,400
Within a period of more than one year but not exceeding two years	**1,051,420**	85,900
Within a period of more than two years but not exceeding five years	**–**	803,700
	1,153,600	955,000
Less: Amount classified as current liabilities	**(1,153,600)**	(955,000)
Amount due after one year and classified as non-current liabilities	**–**	–

As at 31 December 2022, bank borrowings of HK$1,153,600,000 (2021: HK$995,000,000) 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 4.87% to 7.42% (2021: 1.75% to 2.80%) per annum.

At 31 December 2022, pledged bank deposits of HK$1,164,726,000 (31 December 2021: HK$930,275,000) and investment properties of HK$516,237,000 (31 December 2021: HK$563,570,000) were pledged to banks to secure general banking facilities granted to the Group.

30 BORROWINGS (Continued)

As at 31 December 2022 and 2021, the Group has the following undrawn borrowing facilities:

	2022	2021
	HK$'000	*HK$'000*
Expiring within one year	**376,400**	845,000

31 DEFERRED TAX ASSETS/LIABILITIES

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December 2022	As at 31 December 2021	As at 1 January 2021
	HK$'000	*HK$'000*	*HK$'000*
		(Restated) (Note 2(c))	(Restated) (Note 2(c))
Deferred tax assets	**7,925**	3,035	6,870
Deferred tax liabilities	**(824,359)**	(1,004,893)	(1,146,996)
	(816,434)	(1,001,858)	(1,140,126)

The following are the major deferred tax (liabilities) and assets recognised and movements thereon during the current and prior years:

	Fair value change on investment properties	Fair value change of equity instruments at FVTOCI	Fair value change of other financial assets at FVTPL	ECL provision	Undistributed profits of subsidiaries	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2021 (as previously stated)	(367,052)	(571,284)	(24,586)	6,870	(36,601)	(992,653)
Restatement (Note 2(c))	–	(147,473)	–	–	–	(147,473)
As at 1 January 2021 (as restated)	(367,052)	(718,757)	(24,586)	6,870	(36,601)	(1,140,126)
Currency realignment	(10,777)	(17,371)	(1,086)	148	(1,139)	(30,225)
Charged to consolidated profit or loss	(603)	–	(27,093)	(3,983)	(4,825)	(36,504)
Credit to other comprehensive income	–	204,997	–	–	–	204,997
As at 31 December 2021 (as restated) and 1 January 2022	(378,432)	(531,131)	(52,765)	3,035	(42,565)	(1,001,858)
Currency realignment	31,687	42,037	4,386	(324)	3,334	81,120
Credited to consolidated profit or loss	2,868	–	12,558	5,214	7,161	27,801
Credited to other comprehensive income	–	76,503	–	–	–	76,503
As at 31 December 2022	(343,877)	(412,591)	(35,821)	7,925	(32,070)	(816,434)

31 DEFERRED TAX ASSETS/LIABILITIES (Continued)

At the end of the reporting period, the Group has estimated unused tax losses of HK$74,193,000 (2021: HK$89,176,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams and such losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$1,448,709,000 (2021: HK$1,398,166,000), which mainly attributable to fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax 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 New Law of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders. Deferred tax has not been recognised in respect of certain undistributable retained earnings earned by the subsidiaries in the PRC starting from 1 January 2008 amounting to HK$1,576,489,000 (2021: HK$1,844,884,000) as the directors of the Company are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

32 SHARE CAPITAL

	Number of shares	Amount *HK$'000*
Shares of HK$0.10 each		
Authorised:		
As at 1 January 2021	6,000,000,000	600,000
Increase in authorised share capital (Note (i))	9,000,000,000	900,000
As at 31 December 2021 and 31 December 2022	15,000,000,000	1,500,000
Issued and fully paid:		
As at 1 January 2021	3,541,112,832	354,111
Issues new shares upon rights issue (Note (ii))	2,832,890,264	283,289
As at 31 December 2021 and 31 December 2022	6,374,003,096	637,400

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.

33 SHARE OPTIONS

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years. On 15 May 2015, the Group granted 79,000,000 share options to the directors of the Company and 40,000,000 share options to the employees of the Group (5,000,000 share options were lapsed prior to 1 January 2021).

A share option scheme was adopted by shareholders of the Company on 31 May 2022 (the "2022 Share Option Scheme"), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2022 Share Option Scheme has a life of 10 years. During the year ended 31 December 2022, no shares have been granted.

The Company's share options held by the directors and the employees are as follows:

	Number of share options				
	As at 1 January 2021	Adjustments (Note)	As at 31 December 2021	Adjustments	**As at 31 December 2022**
Exercisable share options	114,000,000	17,784,000	131,784,000	—	**131,784,000**

Note: The numbers of share options were adjusted upon the completion of the rights issue on 15 April 2021.

As at 31 December 2022, the number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 131,784,000 (2021: 131,784,000), representing 2.1% (2021: 2.1%) of the shares of the Company at the date of these consolidated financial statements.

In relation to the options granted to directors of the Company during the period, 50% of the options will vest six months after the grant date and remaining 50% of the options will vest twelve months after the grant date. In relation to the options granted to employees during the period, 50% of the options will vest six months after the grant date, 25% of the options will vest twelve months after the grant date and remaining 25% of the options will vest eighteen months after the grant date. All share options granted have been vested during prior years. The share option is exercisable from the completion of vesting period to 14 May 2025 with adjusted exercise price of HK$1.185 upon the completion of rights issue on 15 April 2021 (2021: HK$1.185).

34 RETIREMENT BENEFITS SCHEMES

The Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. All PRC employees are entitled to an annual pension equal to a fixed portion of their basic salaries at their retirement dates. The Group is required to make specific contributions to the retirement schemes at a rate of 7 to 25 percent of basic salary of its PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made.

The Group has joined a Mandatory Provident Fund ("MPF") Scheme for all its non-PRC employees. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

There is no forfeited contributions may be used by the Group to reduce the existing level of contributions during the years ended 31 December 2022 and 2021.

During the year ended 31 December 2022, the Group made contributions to the retirement benefits schemes amounting to HK$10,318,000 (2021: HK$9,575,000).

35 FINANCIAL GUARANTEE CONTRACTS

	2022	2021
	HK$'000	*HK$'000*
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	**7,100**	8,597

36 COMMITMENTS

Saved as disclosed elsewhere in the consolidated financial statements, the Group has following commitment at the end of the reporting period.

	2022	2021
	HK$'000	*HK$'000*
Commitments in respect of properties under development for sale:		
– contracted for but not provided in the consolidated financial statements	**36,824**	28,842

37 OPERATING LEASE COMMITMENTS

The Group as lessor

The Group has lease payments receivable on leases are as follows:

	2022	2021
	HK$'000	*HK$'000*
Within one year	**87,847**	149,774
In the second year	**62,772**	96,724
In the third year	**37,117**	74,561
In the fourth year	**30,050**	59,641
In the fifth year	**14,603**	43,117
After five years	**74,432**	124,869
	306,821	548,686

Operating lease payments represent rentals receivable by the Group from leasing of its investment properties. The leases are negotiated and rentals are fixed for lease term of one to twelve years (2021: one to twelve years). Certain leases include rentals received with reference to turnover of tenants.

38 PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

As at 31 December 2022, pledged bank deposits of HK$1,164,726,000 (2021: HK$930,275,000) and investment properties of HK$516,237,000 (2021: HK$563,570,000), were pledged to banks to secure general banking facilities granted to the Group.

Restrictions on assets

In addition, lease liabilities of HK$9,118,000 (2021: HK$2,501,000) are recognised with related right-of-use assets of HK$8,367,000 (2021: HK$2,465,000) as at 31 December 2022. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

39 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of (loss)/profit before tax to net cash generated from operations

	2022	2021
	HK$'000	*HK$'000*
(Loss)/profit before tax	**(80,691)**	356,248
Adjustments for:		
Share of results of associates	**60,881**	193,180
Depreciation of property, plant and equipment	**25,947**	32,590
Interest income	**(121,521)**	(79,517)
Interest income from financing services business	**(25,587)**	(22,994)
Interest expenses	**46,006**	19,484
Dividend income	**(6,828)**	(92,818)
Fair value (loss)/gain of investment properties	**11,472**	(2,413)
Fair value losses/(gains) on other financial assets at FVTPL	**109,420**	(140,056)
Fair value loss of loan receivable from an associate at FVTPL and amounts due from associates at FVTPL	**202,171**	210,082
Written-off of finance lease receivables	**5**	—
Net provision for/(reversal of) impairment loss under ECL model		
– Loans receivables	**20,779**	(2,743)
– Finance lease receivables	**—**	(81)
– Trade receivables	**—**	(11,132)
Loss on disposal of property, plant and equipment	**563**	—
Gain on dilution of interests in an associate	**(183,629)**	(309,159)
Operating cash flows before movements in working capital	**58,988**	150,671
(Increase)/decrease in stock of properties	**(1,859)**	11,349
Increase in loans receivables	**(8,805)**	(145,918)
Decrease in finance lease receivables	**—**	3,125
(Increase)/decrease in trade and other receivables, deposits and prepayments	**(5,232)**	7,455
Decrease in other financial assets at FVTPL	**—**	28,363
Decrease/(increase) in trade payables, deposits received and accrued charges	**3,208**	(27,061)
Decrease in contract liabilities	**1,655**	(1,391)
Cash generated from operations	**47,955**	26,593

39 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payable HK$'000	Borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 January 2021	—	753,135	11,749	764,884
Financing cash flow	(17,362)	270,000	(10,176)	242,462
Non-cash changes:				
- Interest expenses	17,362	—	412	17,774
- New leases entered	—	—	506	506
Non-cash repayment (Note 40(a))	—	(68,135)	—	(68,135)
Currency realignment	—	—	10	10
As at 31 December 2021 and 1 January 2022	—	955,000	2,501	957,501
Financing cash flow	(34,841)	198,600	(4,581)	159,178
Non-cash changes:				
- Interest expenses	44,016	—	424	44,440
- New leases entered (Note 40(a))	—	—	10,779	10,779
Currency realignment	—	—	(5)	(5)
As at 31 December 2022	9,175	1,153,600	9,118	1,171,893

40 MAJOR NON-CASH TRANSACTIONS

(a) During the years ended 31 December 2022 and 31 December 2021, the Group entered into new lease agreements for the use of leased properties for one to six years (2021: 1-2 years). On the date of lease commencement or lease modification, the Group recognised HK$10,119,000 (2021: HK$506,000) of right-of-use assets and HK$10,779,000 (2021: HK$506,000) of lease liability.

(b) During the year ended 31 December 2021, the Group transferred the entire shares of redeemable convertible preference shares of HK$68,135,000 as repayment of other borrowing of HK$68,135,000.

(c) During the year ended 31 December 2021, dividends from financial assets at FVTPL of HK$46,136,000 is received in form of shares of equity securities listed in the overseas.

(d) During the year ended 31 December 2021, an unlisted equity security at FVTOCI redeemed its securities. The consideration is paid in form of shares of equity securities of an entity listed in Hong Kong. The fair value of the equity securities of an entity listed in Hong Kong was HK$74,917,000 at date of redemption.

41 LIST OF SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2022 and 2021 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2022	2021	**2022**	2021	
AA Investment Management Limited	Hong Kong	HK$75,100,000 (2021: HK$30,100,000)	**100%**	100%	**–**	–	Provision for investment services
AA Services (Hong Kong) Limited	Hong Kong	HK$100,000	**100%**	100%	**–**	–	Administrative service supporting
Cnhooray Internet Technology Co., Ltd. ("Cnhooray Internet") 深圳日訊網絡科技股份有限公司	PRC – Sino-foreign equity joint venture	RMB40,000,000	**–**	–	**80%**	80%	Consultancy services in relation to information, multimedia and communication technologies
Ease Win International Limited	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding
Firstline Investment Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding
Global Mark Investments Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding
Hu Qiu Investments Management Limited	BVI/Hong Kong	USD100	**–**	–	**60%**	60%	Investment holding
Knatwood Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding
Link Capital Investments Limited	BVI/Hong Kong	USD50,000	**–**	–	**100%**	100%	Investment holding
Mei Long Investments Limited^	Hong Kong	HK$1	**–**	–	**–**	–	Investment holding
Moreluck Enterprises Limited	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding
Ocean Diamond Limited	BVI/Hong Kong	USD50,000	**–**	–	**100%**	100%	Investment holding
Ocean Hill Investments Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding
Real Achieve Limited	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding

41 LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2022	2021	**2022**	2021	
Shanghai Sinolink Xijiao Property Development Co., Ltd. ("Shanghai Sinolink Xijiao") 上海百仕達西郊地產發展有限公司	PRC – Limited liability company	RMB190,000,000	**–**	–	**80%**	80%	Property development
上海百仕達蘇河灣地產發展有限公司 ("百仕達蘇河灣")	PRC – Limited liability company	RMB5,000,000	**–**	–	**80%**	80%	Property development
深圳市百仕達置地有限公司 ("百仕達置地")	PRC – Limited liability company	RMB10,000,000	**–**	–	**80%**	80%	Property development
Shenzhen Mangrove West Coast Property Development Co., Ltd. ("SMWC") 深圳紅樹西岸地產發展有限公司	PRC – Sino – foreign equity joint venture	RMB200,000,000	**–**	–	**87%**	87%	Property development
深圳百仕達商業管理有限公司 ("百仕達商業")	PRC – Limited liability company	RMB1,000,000	**–**	–	**80%**	80%	Property development
深圳百仕達酒店管理有限公司 ("百仕達酒店管理")	PRC – Limited liability company	RMB1,000,000	**–**	–	**80%**	80%	Property development
Shenzhen Sinolink Property Management Co., Ltd. ("Sinolink Management") 深圳百仕達物業管理有限公司	PRC – Limited liability company	RMB5,000,000	**–**	–	**80%**	80%	Property development
Sinolink Assets Management Limited	BVI/Hong Kong	USD2	**100%**	100%	**–**	–	Investment holding
Sinolink LPG Development Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding
Sinolink Petrochemical Investment Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding
Sinolink Progressive Limited	BVI/Hong Kong	USD47,207	**100%**	100%	**–**	–	Investment holding
Sinolink Properties Agent Limited 百仕達物業代理有限公司	Hong Kong	HK$10,000	**–**	–	**100%**	100%	Dormant

41 LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2022	2021	**2022**	2021	
Sinolink Properties Limited ("Sinolink Properties") 百仕達地產有限公司	PRC – Sino-foreign equity joint venture	RMB375,000,000	**–**	–	**80%**	80%	Property development and property investment
Sinolink Shanghai Investments Ltd.	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding
Sinolink Worldwide (HK) Company Limited 香港百仕達有限公司	Hong Kong	HK$10,000,000	**–**	–	**100%**	100%	Investment holding
Smart Orient Investments Limited	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding
Timeway Holdings Limited	Hong Kong	HK$10,000	**100%**	100%	**–**	–	Investment holding
Winner Idea Limited	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding
眾聯融資租賃(上海)有限公司	PRC – Limited liability company	RMB300,000,000	**–**	–	**100%**	100%	Finance leasing
眾安國際融資租賃(天津)有限公司^	PRC – Limited liability company	RMB 1,000,000,000	**–**	–	**–**	–	Inactive
眾安國際商業保理(天津)有限公司	PRC – Limited liability company	RMB50,000,000	**–**	–	**100%**	100%	Business factoring and other loan financing services
深圳市百仕達信息諮詢有限公司	PRC – Limited liability company	RMB1,000,000	**–**	–	**100%**	100%	Consultancy services in relation to information, investment and corporate management

^ These subsidiaries were deregistered during the year ended 31 December 2021.

Except for the investment holding companies or dormant companies which have no definite place of operation, all the above subsidiaries operate principally in their respective place of incorporation/establishment.

None of the subsidiaries had issued any debt securities at the end of the year.

41 LIST OF SUBSIDIARIES (Continued)

The table below shows details of non-wholly-owned subsidiaries of the Group that has material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2022	2021	**2022**	2021	**2022**	2021
				HK$000	*HK$000*	***HK$000***	*HK$000* (Restated)
Sinolink Properties and its subsidiaries (Note)	Hong Kong/PRC	**20%**	20%	**22,074**	53,853	**1,011,728**	1,126,517
Cnhooray Internet	PRC	**20%**	20%	**1,546**	756	**352,994**	426,002
Individual immaterial subsidiaries with non-controlling interests				**(3)**	(3)	**(8,635)**	(8,632)
				23,617	54,606	**1,356,087**	1,543,887

Note: The subsidiaries of Sinolink Properties include Shanghai Sinolink Xijiao, 百仕達蘇河灣, 百仕達置地, 百仕達商業, 百仕達酒店管理 and Sinolink Management.

Summarised consolidated financial information for the years ended 31 December 2022 and 2021 in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised consolidated financial information below represents amounts before intragroup eliminations.

Sinolink Properties and its subsidiaries

Summarised statement of financial position	**2022**	2021
	HK$'000	*HK$'000*
Non-current assets	**3,289,312**	4,556,413
Current assets	**3,931,913**	2,732,948
Non-current liabilities	**(394,906)**	(413,693)
Current liabilities	**(1,767,679)**	(1,170,983)
Net assets	**5,058,640**	5,704,685
Equity attributable to owners of the Company	**4,046,912**	4,578,168
Non-controlling interests of Sinolink Properties	**1,011,728**	1,126,517
Total equity	**5,058,640**	5,704,685

41 LIST OF SUBSIDIARIES (Continued)

Sinolink Properties and its subsidiaries (Continued)

Summarised statement of comprehensive income	**2022**	2021
	HK$'000	*HK$'000*
Revenue	**316,713**	393,640
Fair value (loss)/gain of investment properties	**(11,472)**	2,413
Other income	**73,835**	121,023
Other gains, net	**15,518**	94,161
Expenses	**(284,224)**	(325,777)
Profit for the year	**110,370**	285,460
Total comprehensive income for the year	**466,728**	484,768
Profit for the year attributable to non-controlling interests of Sinolink Properties	**22,074**	53,853
Dividends paid	**(289,687)**	—

Note: The amount of non-controlling interests included 13% effective interest of SMWC. SMWC is 65% owned by Sinolink Properties and 35% owned by other group entities, which are wholly-owned by the Group.

Summarised statement of cash flow	**2022**	2021
	HK$'000	*HK$'000*
Net cash inflow from operating activities	**1,662,871**	200,738
Net cash (outflow)/inflow from investing activities	**(1,330,070)**	77,147
Net cash outflow from financing activities	**—**	—
Net cash inflow	**332,801**	277,885

Cnhooray Internet

Summarised statement of financial position	**2022**	2021
	HK$'000	*HK$'000*
		(Restated)
Non-current assets	**1,756,560**	2,213,373
Current assets	**527,764**	563,136
Current liabilities	**(104,442)**	(124,009)
Non-current liabilities	**(414,912)**	(526,426)
Net assets	**1,764,970**	2,126,074
Equity attributable to owners of the Company	**1,411,976**	1,700,072
Non-controlling interests of Cnhooray Internet	**352,994**	426,002
Total equity	**1,764,970**	2,126,074

41 LIST OF SUBSIDIARIES (Continued)

Cnhooray Internet (Continued)

Summarised statement of comprehensive income	**2022**	2021
	HK$'000	*HK$'000*
		(Restated)
Other income	**9,793**	6,194
Other gains and losses	**(344)**	(488)
Expenses	**(1,717)**	(1,925)
Profit for the year	**7,732**	3,781
Total comprehensive expense for the year	**(1,347,019)**	(92,221)
Profit for the year attributable to non-controlling interests of Cnhooray Internet	**1,546**	756
Dividends paid	**–**	–
Summarised statement of cash flow		
Net cash outflow from operating activities	**(150,396)**	(71)
Net cash inflow from investing activities	**121,405**	115,463
Net cash inflow from financing activities	**–**	617
Net cash (outflow)/inflow	**(28,991)**	116,009

42 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Plant and equipment		**11,308**	2,321
Interests in subsidiaries		**4,423,405**	4,403,118
Interests in associates		**2,354,591**	1,538,227
Financial assets at FVTPL		**12,500**	633,473
		6,801,804	6,577,139
Current assets			
Other receivables, deposits and prepayments		**8,735**	17,074
Bank balances and cash		**27,056**	17,829
Financial assets at FVTPL		**3,304**	6,728
		39,095	41,631
Current liabilities			
Other payables and accrued charges		**4,348**	1,396
Lease liabilities		**1,464**	2,297
		5,812	3,693
Net current assets		**33,283**	37,938
Total assets less current liabilities		**6,835,087**	6,615,077
Non-current liabilities			
Amounts due to subsidiaries		**3,255,828**	2,954,364
Lease liabilities		**7,176**	—
		3,263,004	2,954,364
Net assets		**3,572,083**	3,660,713
EQUITY			
Capital and reserves			
Share capital		**637,400**	637,400
Reserves	42(b)	**2,934,683**	3,023,313
		3,572,083	3,660,713

42 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Retained earnings/ (accumulated losses) and other reserves HK$'000	Total HK$'000
As at 1 January 2021	1,824,979	572,174	79,300	16,636	2,493,089
Profit and total comprehensive income for the year	—	—	—	20,304	20,304
Issuance of shares by rights issue (Note 32)	509,920	—	—	—	509,920
As at 31 December 2021 and 1 January 2022	2,334,899	572,174	79,300	36,940	3,023,313
Loss and total comprehensive expense for the year	—	—	—	(88,630)	(88,630)
As at 31 December 2022	2,334,899	572,174	79,300	(51,690)	2,934,683

43 RELATED PARTIES TRANSACTIONS

The major related parties that had transactions with the Group were as follows:

Name of related parties	Relationship with the Group
RGAP	An associate of the Group
ZA Bank Limited	An associate of the Group

The following is a summary of significant related party transactions which, in the opinion of the directors, are entered into in the ordinary course of business between the Group and its related parties, and the balances arising from related party transactions, including those disclosed in Note 12.

(a) Transactions

Name of related party	Nature of transaction	Year ended 31 December 2022 ***HK$'000***	2021 *HK$'000*
Shanghai Rockefeller	Project management fee	**26,195**	26,195

The transactions were entered into at prices and terms mutually agreed by the relevant parties.

43 RELATED PARTIES TRANSACTIONS (Continued)

(b) Year-end balances with related parties

	As at 31 December		
	2022	2021	**Nature**
	HK$'000	HK$'000	
Amounts to ZA Bank	**4,452**	—	Non-trade

The balance was unsecured, interest free and repayable on demand. This balance was denominated in HK$.

(c) Key management compensation

The key management personnel are the executive directors of the Company. The details of the remuneration paid are disclosed in Note 12.

PARTICULARS OF MAJOR PROPERTIES

AS AT 31 DECEMBER 2022

PROPERTY HELD FOR DEVELOPMENT/SALE

Description		Type of use	GFA (M^2)	Effective % held	Stage of completion	Anticipated completion
1.	Land lot No. 240 of Xinjingzhen, Changning District, Shanghai	Residential	13,600	80%	Construction in progress	2023

PROPERTIES HELD FOR INVESTMENT

Properties		Type of use	GFA (M^2)	Effective % held
1.	518 car parks at Residence Club House Phase 1, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	16,500	80%
2.	Unit Nos. 101,102 ad 103 Ancillary Building West District, Phase 4, Sinolink Garden Taining Road Luohu District Shenzhen	Retail	20,232	80%
3.	4 lorry parking spaces and 1,070 car parks Phase 4, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	44,000	80%
4.	1,700 car parks at Residence Club House Mangrove West Coast Land lot No. T207-0026 Bin Hai Da Dao Bay Sha He Dong Road, Nanshan District Shenzhen	Car parks	84,834	80%
5.	Levels 1 to 3 of commercial podium The Vi City, Phase 5, Sinolink Garden Taining Road Luohu District Shenzhen	Retail	39,434	80%
6.	1,942 car parks Phase 5, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	72,381	80%
7.	Levels 24 to 36 of office portion and 115 car parks Sinolink Tower Taining Road Luohu District	Office and car parks	20,075	80%

FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2022

	For the year ended 31 December				
	2018	2019	2020	2021	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Turnover	528,424	448,908	384,502	432,226	**380,381**
(Loss)/profit before taxation	(137,209)	(209,999)	(359,237)	356,248	**(80,691)**
Taxation	(85,965)	(69,188)	(62,880)	(110,931)	**(39,080)**
(Loss)/profit for the year	(223,174)	(279,187)	(422,117)	245,317	**(119,771)**
Attributable to:					
Owners of the Company	(267,723)	(316,575)	(453,114)	190,711	**(143,388)**
Non-controlling interests	44,549	37,388	30,997	54,606	**23,617**
	(223,174)	(279,187)	(422,117)	245,317	**(119,771)**
	HK cents	HK cents	HK cents	HK cents	**HK cents**
Earnings/(loss) per share (note (i))					
Basic	2.69	(6.54)	(7.73)	(11.07)	**(2.25)**
Diluted	2.69	(6.54)	(7.73)	(11.07)	**(2.25)**

	As at 31 December				
	2018	2019	2020	2021	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
			(Restated)	(Restated)	
ASSETS AND LIABILITIES					
Total assets	11,362,432	10,716,927	11,839,068	12,594,182	**11,204,602**
Total liabilities	(3,074,784)	(2,830,968)	(3,255,899)	(3,255,899)	**(3,184,214)**
	8,287,648	7,885,959	8,583,169	9,338,283	**8,020,388**
Equity attributable to owners of the Company	6,944,011	6,582,973	7,108,464	7,794,396	**6,664,301**
Non-controlling interests	1,343,637	1,302,986	1,564,325	1,543,887	**1,356,087**
	8,287,648	7,885,959	8,672,789	9,338,283	**8,020,388**

Notes:

(i) Earnings/(loss) per share information for all period presented has been computed in accordance with the provisions of HKAS 33 "Earnings Per Shares". Earnings/(loss) per share have been adjusted for the rights issue made during the year ended 31 December 2021.

(ii) For the year ended 31 December 2018, the Group had applied HKFRS 15, HKFRS 9 and other amendments to HKFRSs and for the year ended 31 December 2019, the Group had applied HKFRS 16 and other amendments to HKFRSs. Accordingly, certain comparative information for the years ended 31 December 2017 may not be comparable to the years ended 31 December 2018, 2019, 2020 and 2021 as such comparative information was prepared under HKAS 18, HKAS 11, HKAS 39 and HKAS 17. Accounting policies resulting from application of HKFRS 15, HKFRS 9 and HKFRS 16 are disclosed in the "Significant Accounting Policies" section.

(iii) The comparative amounts for the two years ended 31 December 2019 and 2018 have not been restated for the effects of change in measuring the fair value of investment in ZhongAn Online P&C Insurance Co., Ltd. Details has been disclosed in Note 2(c) to the financial statements.