
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in **Sinolink Worldwide Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

VERY SUBSTANTIAL ACQUISITION

**ADDITIONAL CAPITAL CONTRIBUTION TO
ZHONGAN TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 18 of this circular.

A notice convening the SGM to be held at R3, United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong, on July 25, 2023 (Tuesday) at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you propose to attend the SGM, please complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the SGM (or any adjournment thereof) should you so wish.

The Company would not distribute any corporate gift nor provide any refreshment to the attendees.

* For identification purpose only

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — ACCOUNTANT’S REPORT ON JV CO	II-1
APPENDIX III — MANAGEMENT DISCUSSION AND ANALYSIS ON JV CO	III-1
APPENDIX IV — PRO FORMA FINANCIAL INFORMATION OF THE GROUP UPON COMPLETION OF THE ADDITIONAL SINOLINK SUBSCRIPTION	IV-1
APPENDIX V — GENERAL INFORMATION OF THE GROUP	V-1
NOTICE OF SPECIAL GENERAL MEETING	SGM-1

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

“%”	per cent;
“Additional Sinolink Subscription”	the subscription by the Company of a maximum of 96,508,924 new JV Co Ordinary Shares for a total subscription price up to US\$63,695,889.84 pursuant to the terms and conditions of the Share Purchase Agreement;
“Announcement”	the announcement of the Company dated September 2, 2022 regarding the Previous Sinolink Subscription;
“Board”	the board of Directors;
“Business Day(s)”	any day that is not a Saturday, Sunday, legal holiday or a day on which banks are required to be closed in Hong Kong or the PRC;
“Circular”	the circular of the Company dated December 29, 2022 regarding the Previous Sinolink Subscription;
“Closing(s)”	the Initial Closing and the Subsequent Closing, and each a “Closing”;
“Company”	Sinolink Worldwide Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1168);
“Director(s)”	the director(s) of the Company;
“Fintech”	financial technology;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Initial Closing”	the initial closing of the Additional Sinolink Subscription, which shall take place in accordance with the terms and conditions of the Share Purchase Agreement;
“Insurtech”	use of technology innovations designed to achieve savings and efficiency from the traditional insurance industry model;
“Investors”	the Company, ZhongAn Technology, Warrior and the Opportunities Fund, with respect to the JV Co Ordinary Shares each of them already subscribed for;

DEFINITIONS

“JV Co”	ZhongAn Technologies International Group Limited (眾安科技(國際)集團有限公司), a Hong Kong limited liability company jointly invested by the Investors;
“JV Co Ordinary Shares”	the voting ordinary shares in the share capital of JV Co;
“Latest Practicable Date”	June 26, 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended and supplemented from time to time);
“Main Board”	the Main Board of the Stock Exchange;
“Opportunities Fund”	AIA VCC for a/c of AIA Opportunities Fund — Venture Capital 2021, one of the Investors;
“PRC”	the People’s Republic of China and for the purpose of this circular, excludes Hong Kong, Taiwan and Macau Special Administrative Region of the People’s Republic of China;
“Previous Sinolink Subscription”	the subscription of an aggregate of 156,060,606 JV Co Ordinary Shares by the Company for a subscription price of approximately US\$103 million, the details of which are set out in the Announcement and the Circular;
“RMB”	Renminbi, the lawful currency of the PRC;
“SGM”	the special general meeting of the Company to be convened to approve the Share Purchase Agreement and the Additional Sinolink Subscription;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company (or of such other nominal amount as shall result from a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Shareholder(s)”	the holder(s) of shares of the Company;
“Shareholders Agreement”	the shareholders agreement in agreed form to be entered into at the Initial Closing between the Investors and JV Co in relation to the rights and obligations between and among the Investors and JV Co;

DEFINITIONS

“Share Purchase Agreement”	the share purchase agreement entered into among the Company, JV Co, ZhongAn Technology, Warrior and the Opportunities Fund in relation to the Additional Sinolink Subscription dated May 31, 2023;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsequent Closing”	the second closing of the Additional Sinolink Subscription, which shall take place in accordance with the terms and conditions of the Share Purchase Agreement;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Transaction Documents”	the Share Purchase Agreement, the Shareholders Agreement, the Restated Articles and any other document, certificate, and agreement delivered in connection with the Additional Sinolink Subscription;
“US\$”	United States dollars, the lawful currency of the United States;
“Warrior”	Warrior Treasure Limited, an investment holding limited liability company incorporated under the laws of the British Virgin Islands, one of the Investors;
“ZAOIL”	ZhongAn Online P & C Insurance Co., Ltd.* (眾安在綫財產保險股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and carrying on business in Hong Kong as “ZA Online Fintech P & C” whose H shares are listed on the Main Board of the Stock Exchange (stock code: 6060); and
“ZhongAn Technology”	ZhongAn Information Technology Services Co., Ltd.* (眾安信息技術服務有限公司), a wholly-owned subsidiary of ZAOIL incorporated in the PRC on July 7, 2016, one of the Investors.

* *For identification purposes only*

LETTER FROM THE BOARD



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

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:

Chen Hui
Tian Jin
Xin Luo Lin

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head office and principal place of
business in Hong Kong:*

28th Floor
Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

June 30, 2023

To Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION

**(1) ADDITIONAL CAPITAL CONTRIBUTION TO
ZHONGAN TECHNOLOGIES INTERNATIONAL GROUP LIMITED
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The Board is pleased to announce that, on May 31, 2023 (after trading hours), the Company entered into the Share Purchase Agreement with JV Co, ZhongAn Technology, Warrior and the Opportunities Fund, pursuant to which the Company conditionally agreed to subscribe for, and JV Co conditionally agreed to issue and allot a maximum of 96,508,924 new JV Co Ordinary Shares for a total subscription price up to US\$63,695,889.84. The Additional Sinolink Subscription will take place in two tranches.

LETTER FROM THE BOARD

As at the date of this circular, the voting interest in JV Co is held as to approximately 44.70% by ZhongAn Technology, approximately 44.75% by the Company, approximately 7.86% by Warrior and approximately 2.69% by the Opportunities Fund, respectively.

Upon completion of the capital injection in both tranches, JV Co will be accounted for using the equity method in the consolidated financial statements by the Company and will not become a subsidiary of the Company. The voting interest in JV Co shall be held as to approximately 43.22% by ZhongAn Technology, approximately 46.58% by the Company, approximately 7.60% by Warrior, and approximately 2.60% by the Opportunities Fund, respectively.

MATERIAL TERMS OF THE SHARE PURCHASE AGREEMENT

The material terms of the Share Purchase Agreement are as follows:

Date

May 31, 2023

Parties

- (i) the Company;
- (ii) JV Co;
- (iii) ZhongAn Technology;
- (iv) Warrior; and
- (v) the Opportunities Fund.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, ZhongAn Technology, Warrior and the Opportunities Fund and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject Matter

The Company conditionally agreed to subscribe for a maximum of 96,508,924 new JV Co Ordinary Shares for a total subscription price up to US\$63,695,889.84, which represents a subscription price of US\$0.66 per JV Co Ordinary Share.

LETTER FROM THE BOARD

Pursuant to the terms and conditions of the Share Purchase Agreement, the Additional Sinolink Subscription will take place in two tranches. The table below summarises information regarding the capital contribution to made by the Company at each of the Initial Closing and the Subsequent Closing pursuant to the terms and conditions of the Share Purchase Agreement:

Timeline	Amount of subscription price payable (US\$)	Percentage of the total subscription price	Corresponding new JV Co Ordinary Shares to be issued	Percentage of Company's shareholding in JV Co immediately after the Closing
At Initial Closing	44,587,123.02	70%	67,556,247	46.04%
At Subsequent Closing	19,108,766.82	30%	28,952,677	46.58%
Total	<u>63,695,889.84</u>	<u>100%</u>	<u>96,508,924</u>	—

The subscription price is determined after arm's length negotiations among the parties taking into account market conditions, the subscription price of the Previous Sinolink Subscription, the business and growth prospects of JV Co and the financial needs of JV Co for the operation and expansion of its business. In particular, part of the total subscription price is expected to contribute towards supporting the business development of JV Co's key business segments as needed, including but not limited to ZA Bank Limited (眾安銀行有限公司) (an indirect wholly-owned subsidiary of JV Co) ("ZA Bank") and technology export in overseas markets with the remainder to be used for general corporate purposes of JV Co, including purchasing additional shares of certain non-wholly-owned subsidiaries from their respective other shareholders as appropriate. The subscription price for the Additional Sinolink Subscription payable to JV Co will be funded by internal resources of the Company.

As at the Latest Practicable Date, the Company has no plans to make further capital contribution to the JV Co in the next 12 months.

Conditions precedent for the Initial Closing and Subsequent Closing

The Initial Closing shall be conditional upon the satisfaction or, if applicable, waiver of, certain customary conditions, including:

- (i) the representations and warranties of each of JV Co and the Company remaining true and correct and not misleading as of the date of the Initial Closing;
- (ii) each of JV Co and the Company having performed and complied with all agreements, obligations and conditions contained in the Share Purchase Agreement that are required or contemplated to be performed or complied with on or before the Initial Closing;
- (iii) all consents of any competent governmental authority or of any other person that are required to be obtained in connection with the Share Purchase Agreement (other than the consents that are required to be obtained at or after the Initial Closing) having been duly obtained and effective as of the Initial Closing;

LETTER FROM THE BOARD

- (iv) the Additional Sinolink Subscription having been approved by the shareholders of the Company as required by the applicable Listing Rules;
- (v) all requirements of the regulatory authorities or any applicable laws, regulations and the listing rules which requires compliance by JV Co and/or its shareholders (including the approval by the shareholders of ZAOIL) having been complied with;
- (vi) all corporate and other proceedings in connection with the transactions contemplated under the Share Purchase Agreement and all documents and instruments incidental to such transactions being reasonably satisfactory in form and substance to the Company;
- (vii) the articles of association of JV Co in effect as of the date of the Share Purchase Agreement having been duly amended (the “**Restated Articles**”);
- (viii) there having been no material adverse effect on the financial condition, business, prospects or operations of JV Co and its subsidiaries taken as a whole since the date of the Share Purchase Agreement.

The Subsequent Closing shall be conditional upon the satisfaction or, if applicable, waiver of, certain customary conditions, including:

- (i) the representations and warranties of each of JV Co and the Company remaining true and correct and not misleading as of the date of the Subsequent Closing;
- (ii) each of JV Co and the Company having performed and complied with all agreements, obligations and conditions contained in the Share Purchase Agreement that are required or contemplated to be performed or complied with on or before the Subsequent Closing;
- (iii) all consents of any competent governmental authority or of any other person that are required to be obtained in connection with the Share Purchase Agreement (other than the consents that are required to be obtained at or after the Subsequent Closing) having been duly obtained and effective as of the Subsequent Closing;
- (iv) there having been no material adverse effect on the financial condition, business, prospects or operations of JV Co and its subsidiaries taken as a whole since the date of the Share Purchase Agreement.

Except for conditions precedent (iv) and (v) with respect to the Initial Closing, the conditions precedent in respect of JV Co may be waived by the Company in writing and the conditions precedent in respect of the Company may be waived by JV Co in writing.

As at the Latest Practicable Date, none of the conditions precedent have been satisfied or waived.

The Initial Closing and the Subsequent Closing are not inter-conditional.

Closing

Each Closing shall take place no later than ten Business Days after the satisfaction or waiver of the applicable conditions precedent, or at such other time and place as JV Co and the Company shall mutually agree in writing.

LETTER FROM THE BOARD

It is currently intended that the Initial Closing and Subsequent Closing will take place by the end of July 2023 and the end of September 2023, respectively.

Termination

The Share Purchase Agreement may be terminated prior to each Closing (a) by mutual written consent of the parties, (b) by the Company or JV Co, if no Closing has been consummated on or prior to December 31, 2023, provided that no party shall be entitled to terminate the Share Purchase Agreement if such party is responsible for the failure of any Closing prior to such date, (c) solely with respect to the transactions under the Share Purchase Agreement between the Company and JV Co, by the non-defaulting party, if a material breach of the Share Purchase Agreement has been committed by one party and such breach has not been waived or cured within 30 days after the receipt of the notice by the other party thereof, and such termination shall not relieve the breaching party of liability for such breach or otherwise.

THE SHAREHOLDERS AGREEMENT

The Share Purchase Agreement provides that the execution and delivery of the Shareholders Agreement is a condition precedent to the Initial Closing, a summary of which is set out below:

Restrictions on transfer

Except as permitted under the Shareholders Agreement, none of the JV Co shareholders shall itself, nor shall it permit its affiliates to sell, assign, transfer, encumber, hypothecate, pledge or otherwise alienate or dispose of, directly or indirectly (“**Transfer**”) all or any part of its JV Co Ordinary Shares without the prior written consent of other JV Co shareholders.

Board of directors of JV Co

The number of directors on the board of directors of JV Co shall be no more than five, of whom ZhongAn Technology shall be entitled to nominate three directors, and Sinolink shall be entitled to nominate up to two directors. With effect immediately from the date of the Initial Closing, Sinolink shall be entitled to nominate one additional director.

Resolutions of a meeting of the board of directors of JV Co shall be adopted by unanimous consent of the directors present and voting at such meeting, and each director shall have one vote.

Pre-emptive right

If JV Co issues any new equity interests, each of the JV Co shareholders shall have a pre-emptive right to purchase their pro rata share of all or any part of such new equity interests.

Rights of first refusal

If any JV Co shareholder proposes to Transfer all or any part of its JV Co Ordinary Shares, then all other JV Co shareholders shall have a right of first refusal to purchase pro rata such JV Co Ordinary Shares in accordance with the Shareholders Agreement.

LETTER FROM THE BOARD

Co-sale right

In the event that any of ZhongAn Technology, the Company and/or Warrior proposes to effect a Transfer of its JV Co Ordinary Shares (the “**Selling Shareholder**”) and to the extent the Investors do not exercise their respective rights of first refusal pursuant to the Shareholders Agreement, the Investors shall have the right to participate in the sale of equity interest in JV Co to a third party by the Selling Shareholder for the same price and on the same terms and conditions as those offered by the Selling Shareholder.

Anti-dilution

In the event that at any time after the Initial Closing, JV Co issues any new securities (not including the JV Co Ordinary Shares subscribed under the Share Purchase Agreement) without consideration or for a consideration per JV Co Ordinary Share received by JV Co (net of any selling concessions, discounts or commissions) that is less than the original purchase price at which the Investors subscribed for its JV Co Ordinary Shares, i.e. US\$0.66 per JV Co Ordinary Share (the “**Original Purchase Price**”), the Original Purchase Price shall be adjusted in accordance with the Shareholders Agreement and JV Co shall issue additional number of JV Co Ordinary Shares to each of the Investors that such Investor should receive upon such adjustment.

REASONS FOR AND BENEFITS OF THE ADDITIONAL SINOLINK SUBSCRIPTION

The principal business activities of the Company are increasingly focusing on Fintech investment and management, along with property development, property management, property investment, financial services and asset financing. Meanwhile, the Company has also been actively exploring opportunities to promote Fintech development via various means, including the establishment of JV Co with ZhongAn Technology. Investment in JV Co enables the Company to partner with ZhongAn Technology to explore international business development, collaboration and investment opportunities in the areas of Fintech and Insurtech.

JV Co, as a Fintech company, will take time to build and require substantial upfront investment in development of hardware and underlying technologies before it is capable of generating profit. Fintech industry is fast growing and it is believed that the industry may dramatically alter the financial services model in the coming decade. The Board considers that the investment by the Company in JV Co is a long-term investment and believes that the performance of JV Co will improve over the next few years, in particular, considering the recent financial performance of JV Co and the trend of historical and projected financials and operating data with respect to ZA Bank, one of JV Co’s principal subsidiaries. Further, given the considerable impact of Fintech and Hong Kong government’s continuing support for the industry, the Board considers its further investment in JV Co presents numerous opportunities which are beneficial to the Company. In light of the nature of the Company’s investment and the aforementioned business outlook of JV Co, the Directors are of the view the proposed subscription price for the Additional Sinolink Subscription, which is the same as that for the Previous Sinolink Subscription, is fair and reasonable.

LETTER FROM THE BOARD

The Additional Sinolink Subscription will provide additional working capital and greater financial flexibility to JV Co which will further facilitate its business agenda of expanding the virtual banking business in Hong Kong and technology export business in overseas markets. In view of the expansion plan of the Company's Fintech business, namely the Fintech business carried on through ZA Bank, the Additional Sinolink Subscription will enable the Company to better align its investment objectives and strategy to achieve more stable return in respect of its investment in JV Co.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the Share Purchase Agreement has been entered into on normal commercial terms, and the terms of the Share Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Ou Yaping, being a non-executive Director of the Company and a non-executive director and the chairman of ZAOIL, and Mr. Ou Jin Yi Hugo, being a non-executive Director of the Company and ZAOIL, had abstained from voting on the relevant resolutions of the Board in relation to the Additional Sinolink Subscription and matters contemplated therein.

FINANCIAL EFFECTS OF THE ADDITIONAL SINOLINK SUBSCRIPTION

As at the date of this circular, the voting interest in JV Co is held as to approximately 44.70% by ZhongAn Technology, approximately 44.75% by the Company, approximately 7.86% by Warrior, and approximately 2.69% by the Opportunities Fund, respectively. Upon completion of the capital injection in both tranches, JV Co will be accounted for using the equity method in the consolidated financial statements by the Company and will not become a subsidiary of the Company.

It is the intention of the Group to finance the Additional Sinolink Subscription by the internal resources of the Company. As a result, it is expected that the total assets, total liabilities and earnings of the Group will not change as a result of the Additional Sinolink Subscription. The "Interests in associates/Investments accounted for using the equity method" will increase by an amount of HK\$496,828,000, while the corresponding financial effects will be reflected by way of a decrease in "cash and bank balances" by the same amount. Given these financial effects, the Directors are of the view that the Additional Sinolink Subscription will not have any material financial effects on the net asset value or the earnings of the Group.

LETTER FROM THE BOARD

INFORMATION ON THE PARTIES

The Company

The Company was incorporated in Bermuda with limited liability, with its shares listed on the Main Board of the Stock Exchange (stock code: 1168). The principal business activity of the Company are increasingly focused on Fintech investment and management, while it is also engaged in property development, property management, property investment, financial services and asset financing.

JV Co

JV Co is a company incorporated in Hong Kong with limited liability and is a non-wholly-owned subsidiary of ZAOIL. JV Co was established to explore international business development, collaboration and investment opportunities in the areas of Fintech and Insurtech, including virtual banking and digital-only insurance in Hong Kong and technology export in overseas market.

Set out below is certain financial information of JV Co based on its audited consolidated financial statements as at or for the years ended December 31, 2022 and 2021.

	As at/ For the year ended December 31, 2022 <i>audited</i> <i>HKD (thousand)</i>	As at/ For the year ended December 31, 2021 <i>audited</i> <i>HKD (thousand)</i>
Total equity	2,772,480	3,535,480
Total revenue and other income	1,526,642	686,579
Loss before income tax	(591,941)	(849,113)
Net loss for the year	(591,941)	(849,338)
Net loss attributable to owners of JV Co	(614,976)	(759,617)

The audited consolidated net asset value of JV Co was HK\$2,772,480,000 as at December 31, 2022.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the operating subsidiaries of JV Co are as follows:

Name of subsidiary	Place of incorporation	Date of incorporation	Percentage interest held by JV Co	Principal activities
Asia Fintech Center Pte. Ltd.	Singapore	November 27, 2020	49%	Innovation Lab
PT ZATech Global Indonesia	Indonesia	April 1, 2021	49%	Technology Development/ Technology Consulting
ZA Bank	Hong Kong	August 8, 2018	100%	Virtual Bank
ZA Care Limited (眾安關懷有限公司)	Hong Kong	May 23, 2019	100%	Technology
ZA International Financial Services Limited (眾安國際金融服務有限公司)	Hong Kong	December 4, 2019	100%	Technology Development/ Technology Consulting
ZA International Insurance Broker Limited (眾安國際保險經紀有限公司)	Hong Kong	May 15, 2018	100%	Insurance Broker
ZA Life Limited (眾安人壽有限公司) ("ZA Life")	Hong Kong	February 27, 2019	65%	Life Insurance
ZA Tech (Thailand) Co., Ltd.	Thailand	December 2, 2022	49%	Technology Development/ Technology Consulting
ZA Tech Global (Cayman) Limited	Cayman Islands	June 14, 2018	49%	Technology Development/ Technology Consulting
ZA Tech Global (Ireland) Limited	Ireland	March 2, 2020	49%	Technology Development/ Technology Consulting
ZA Tech Global (Singapore) Pte. Ltd.	Singapore	April 16, 2019	49%	Technology Development/ Technology Consulting
ZA Tech Global Limited ("ZA Tech")	Hong Kong	May 28, 2018	49%	Technology Development/ Technology Consulting
ZATech Global Holding Pte. Ltd.	Singapore	December 8, 2021	49%	Investment Holding

LETTER FROM THE BOARD

Name of subsidiary	Place of incorporation	Date of incorporation	Percentage interest held by JV Co	Principal activities
ZA Tech Global (Malaysia) Sdn. Bhd.	Malaysia	April 18, 2022	49%	Technology Development/ Technology Consulting
ZhongAn (Shenzhen) Technology Consulting Co., Limited* (眾安(深圳)科技諮詢服務有限公司)	PRC	December 7, 2020	100%	Technology Development/ Technology Consulting
ZhongAn Digital Asset Group Limited (眾安數字資產集團有限公司)	British Virgin Islands	September 2, 2019	100%	Investment Holding
ZhongAn Financial Services Limited (眾安金融服務有限公司)	Hong Kong	August 3, 2018	100%	Investment Holding
ZA Tech Brokers Thailand Co., Ltd.	Thailand	August 28, 2007	36.25%	Insurance Broker
Piculet Holding (Thailand) Co., Ltd.	Thailand	July 31, 2020	24.01%	Investment Holding
Zebra Credit Limited	Hong Kong	March 8, 2022	100%	Money Lender
ZA Tech Global (Vietnam) Company Limited	Vietnam	March 29, 2023	49%	Technology Development/ Technology Consulting
ZA TECH GLOBAL SEE d.o.o. Beograd	Serbia	June 1, 2023	49%	Technology Development/ Technology Consulting

* For identification purpose only

Mr. Ou Yaping is the chairman and a non-executive director of ZAOIL, a non-executive director of ZhongAn Financial Services Limited (眾安金融服務有限公司), a non-executive director of ZA Bank and the chairman and a director of ZA Life. Mr. Ou Jin Yi Hugo is a non-executive director of ZAOIL and a director of JV Co and certain of its major subsidiaries, including ZhongAn Financial Services Limited (眾安金融服務有限公司), ZA Bank where he is a non-executive director and ZA Tech.

JV Co provides technology developments, technology consulting and banking services to its customers and direct underwriting of long-term insurance business. ZA Bank, ZA Life and ZA Tech are the three major operating subsidiaries of JV Co. In 2022, the main revenue streams of JV Co composed of revenue from banking operations amounted to approximately HK\$411 million, insurance amounted to approximately HK\$407 million and technology developments and consulting amounted to approximately HK\$348 million.

LETTER FROM THE BOARD

ZA Bank

JV Co 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 March 27, 2019, and officially commenced operation on March 24, 2020. ZA Bank aims to develop into a one-stop financial service platform in Hong Kong to provide diversified, convenient and inclusive financial services to retail users and small medium-sized enterprises. ZA Bank uses technology to reshape users' financial experiences, leverages its advantages in user feedback, product innovation capabilities, and business qualifications to upgrade its services, and collaborates with its peers to promote Hong Kong's move towards the new era of "Banking 2.0". In 2022, ZA Bank stood out in the highly competitive Asian banking industry with outstanding user experience and fast iterative product matrix, and ranked first in Sia Partners' ranking of Mobile Banking in Hong Kong and Singapore 2022.

On the retail banking side, in addition to traditional banking products and services, ZA Bank has continuously created iterative and innovative gamification experiences to improve users' preference and activeness. As at December 31, 2022, ZA Bank had more than 650,000 retail customers, representing a penetration rate of approximately 10% of the overall population aged 18 or above in Hong Kong. In 2022, the average monthly active users of the ZA Bank APP accounted for nearly 50% of the total users, with an average monthly card usage of nearly 15 times, twice of the average of Visa card in Hong Kong.

In addition, ZA Bank has actively developed its wealth management, insurance products and foreign exchange functions, and continuously improved its offerings. In January 2022, it became the first virtual bank in Hong Kong to be granted a Type 1 regulated activity (dealing in securities) license by the Securities and Futures Commission. In April 2022, ZA Bank established a bancassurance partnership with Generali Life (Hong Kong) Limited to provide a variety of life protection products for retail users of ZA Bank. Subsequently, ZA Bank officially launched its fund investment business in August 2022, and partnered with world-renowned fund companies to offer nearly 100 public offering fund products as of December 31, 2022. In November 2022, through partnership with a global Fintech company Wise PLC (LON: WISE), ZA Bank became the first bank in Hong Kong to provide international remittance services with zero exchange rate premium or hidden cost, and it is also the first Neobank in East Asia to cooperate with the Wise Platform. In December 2022, ZA Bank launched a zero-fee currency exchange service to serve users around the clock with a 24/7 foreign exchange trading platform.

On the commercial banking side, in order to further promote the concept of inclusive finance in Hong Kong, ZA Bank announced the launch of the sandbox pilot for express online corporate account opening in December 2022, which shortens the time spent on account opening of the corporate customer to one working day at the earliest.

So far, ZA Bank has become one of the virtual banks with the most comprehensive functions in the Hong Kong market, building a one-stop integrated financial service platform through its mobile APP, which operates fully in a digitalized mode, and providing users with 24-hour digital banking services such as deposits, loans, transfers, consumption, insurance, investment and corporate banking.

LETTER FROM THE BOARD

ZA Life

On May 4, 2020, ZA Life, the joint venture between the JV Co and Fubon Life Insurance (Hong Kong) Company Limited with the business name of ZA Insure, has obtained a digital-only insurer license from the Hong Kong Insurance Authority under its Fast Track pilot scheme. ZA Life will make great effort in satisfying the protection needs of different people with innovative insurance services and products.

ZA Life implemented the ideology of offering affordable insurance services, and provided users with insurance products and services that “everyone can afford” through a 24/7 online platform, including life insurance, voluntary health insurance, cancer insurance, accident insurance and heart attack and stroke insurance. In 2022, ZA Life deepened the bancassurance partnership with ZA Bank and continued to launch “ZA Savings Insurance” series on the ZA Bank APP to provide fundamental protections for users’ health and wealth.

ZA Tech

JV Co, in collaboration with SoftBank Vision Fund Phase 1, established ZA Tech to export ZhongAn’s cutting-edge technology solutions to overseas markets. ZA Tech focuses on exporting new Insurtech solutions and digital insurance technical experience to international clients, aiming to become a new standard for overseas Insurtech digitalization. As of now, ZA Tech’s footprints have covered major markets such as Japan, Hong Kong, Southeast Asia and Europe. The clients ZA Tech serves can be divided into two categories: insurance companies and Internet platforms. For insurance companies, Graphene, the next-generation distributed insurance core system, can help customers connect with various ecosystem partners locally and launch a variety of fragmented and scenario-based insurance protection products. For insurance companies in the early stage of digital transformation, ZA Tech also provides lightweight SaaS insurance core system, Nano, which helps clients quickly launch a digital insurance core system at a low cost, and help them achieve continuous improvement through trial-and-error in the process of digital transformation. For Internet platform clients, ZA Tech provides a comprehensive low-code insurance and financial solution, Fusion.

In 2021, ZA Tech became a regional technology partner of AIA, the largest independent listed life insurance group in the Pan-Asian region, to help accelerate its digital transformation and further reach new customer groups, and meet users’ protection needs by providing innovative insurance products and connection with partners. The cooperation plan has been implemented in Malaysia in the initial stage. ZA Tech will use professional technical knowledge and patented system Graphene to help AIA develop and distribute digital insurance products more quickly. In 2022, the cooperation with AIA further penetrated into more Southeast Asian markets including Hong Kong, Indonesia and Vietnam, and continued to provide AIA with innovative Insurtech solutions to accelerate its digital transformation.

In April 2022, ZA Tech became the latest investor of PT Bank Aladin Syariah Tbk (“**Bank Aladin**”), the first Islamic digital bank in Indonesia by further penetrating into overseas markets. In the future, ZA Tech will be committed to playing dual roles - as an investor and as a technology export business partner, and will actively expand the business ecosystem for Bank Aladin. Bank Aladin, as a Future Sharia Bank, is committed to expanding the Islamic finance territory in Indonesia. This

LETTER FROM THE BOARD

investment partnership demonstrates ZhongAn's commitment to promoting financial inclusion in Indonesia and is a product of the combination of Islamic digital banking services and Insurtech. By conducting insurance transactions through modern digital means, a wider group of the population can have access to digital insurance products at a more affordable price.

In the same month, ZA Tech cooperated with local partners in Japan to serve Sumitomo Life Insurance (“**Sumitomo**”), Japan's leading life insurance group, and launched an 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 digitalisation of its business.

In May 2022, PT. Web Proteksi Solusindo, the strategic insurance brokerage partner of ZA Tech, and PT China Life Insurance Indonesia (“**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 a simpler and more efficient insurance application process.

In December 2022, ZA Tech reached a strategic collaboration with Carro, the largest used car trading platform in Southeast Asia, and entered into an agreement to establish a joint venture. Through Fusion, ZA Tech's insurance finance solution, Carro will further optimise the online insurance distribution and claim settlement process for its insurance partners, including Income, Mitsui Sumitomo Insurance, Allianz, Zurich, DirectAsia and Takaful Malaysia, and jointly develop application such as ChatGPT and other generative AI tools to assist customers in comparing and selecting insurance products. The first phase of the cooperation between ZA Tech and Carro will focus on auto insurance, and the next step is to expand the product portfolio to include property, medical and life insurance.

ZhongAn Technology

ZhongAn Technology is a company incorporated in the PRC with limited liability and is a direct wholly-owned subsidiary of ZAOIL. ZAOIL is a joint stock limited company incorporated in the PRC with limited liability and carrying on business in Hong Kong as “ZA Online Fintech P & C” whose H shares are listed on the Main Board of the Stock Exchange (stock code: 6060). ZhongAn Technology is principally engaged in the business of technology development and technology consulting. ZAOIL is the first internet-based online Insurtech company in the PRC and is principally engaged in the provision of insurance products and solutions in the context of four major ecosystems, namely health, digital lifestyle, consumer finance, and auto ecosystems.

Warrior

Warrior is a company incorporated in the British Virgin Islands with limited liability. Its principal business activity is investment holding. It is a wholly-owned subsidiary of Chow Tai Fook Nominee Limited, which is held by the Cheng Yu Tung family.

LETTER FROM THE BOARD

The Opportunities Fund

The Opportunities Fund, a variable capital company incorporated in Singapore, is part of AIA Group Limited's group-wide investment programme to facilitate capital deployment globally with a particular focus on balance sheet exposure to specialist and alternative investments. AIA Group Limited is a company listed on the Main Board of the Stock Exchange (stock code: 1299) and based on its latest published annual report, it does not have any controlling shareholders.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Additional Sinolink Subscription, when aggregated with the Previous Sinolink Subscription pursuant to Rule 14.22 of the Listing Rules, exceed 100%, the entering into of the Share Purchase Agreement and the consummation of the Additional Sinolink Subscription would constitute a very substantial acquisition of the Company and are subject to notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

SGM

The SGM will be convened and held for the Shareholders to consider, and if thought fit, approve the Share Purchase Agreement, the Additional Sinolink Subscription and the transactions contemplated thereunder. A notice convening the SGM is set out on pages SGM-1 to SGM-2 of this circular.

The voting in respect of the resolution to be proposed at the SGM will be conducted by way of poll. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has any material interest in the Additional Sinolink Subscription or the Share Purchase Agreement. As such, none of the Shareholders would be required to abstain from voting at the SGM to approve the Share Purchase Agreement and the Additional Sinolink Subscription.

A form of proxy for use at the SGM is enclosed. Whether or not you propose to attend the SGM, please complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the SGM (or any adjournment thereof) should you so wish.

RECOMMENDATION

The Directors are of the view that the Share Purchase Agreement has been entered into on normal commercial terms, and the terms of the Share Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to approve the Share Purchase Agreement, the Additional Sinolink Subscription and the transactions contemplated thereunder at the SGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular. The English text of this circular shall prevail over the Chinese text in case of inconsistency.

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group, together with the accompanying notes, for each of the three financial years ended December 31, 2020, 2021 and 2022 are disclosed in the following annual reports of the Company which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinolinkhk.com):

- the audited consolidated financial statements of the Group for the year ended December 31, 2022 together with the restated figures for the year ended December 31, 2021 are disclosed in the 2022 annual report of the Company published on April 27, 2023, from pages 62 to 167. Please see below the link to the 2022 annual report of the Company: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042702050.pdf>
- the audited consolidated financial statements of the Group for the year ended December 31, 2021 is disclosed in the 2021 annual report of the Company published on April 26, 2022, from pages 49 to 160. Please see below the link to the 2021 annual report of the Company: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0426/2022042601205.pdf>
- the audited consolidated financial statements of the Group for the year ended December 31, 2020 is disclosed in the 2020 annual report of the Company published on April 27, 2021, from pages 49 to 158. Please see below the link to the 2020 annual report of the Company: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0427/2021042700645.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on May 31, 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding secured bank borrowings of approximately HK\$1,137.9 million. The bank borrowings are secured by bank deposits and investment properties of the Group.

As at the close of business on May 31, 2023, the Group had guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties amounting to approximately HK\$6.6 million.

As at the close of business on May 31, 2023, the Group had secured and unguaranteed outstanding lease obligations in respect of office premises with undiscounted principal amount of approximately HK\$8.6 million. The lease obligations are secured by rental deposits.

Save as aforementioned or as otherwise disclosed herein, and apart from intra-group liabilities within the Group and normal trade payables and other liabilities in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans of other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, other recognised lease liabilities or lease commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business as of May 31, 2023.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances, banking facilities available to the Group and other internal resources available to the Group and also the effect of the Additional Sinolink Subscription, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since December 31, 2022 (being the date to which the latest published audited financial statements of the Group were made up).

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP**The Group**

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 United States is well-funded in the financial, corporate, and household sectors, so a recession similar to the Great Depression is unlikely.

In the second half of 2023, China's macroeconomic environment will improve, and the economic growth rate will increase compared with last year. 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 November 25, 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 2020, 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.

JV Co

Through further capital injection into JV Co, it will continue to establish and improve its target-oriented team management system and cultivate key talents. In addition, JV Co will continue to leverage on the advantage of Hong Kong as an international city to establish a stronghold in Hong Kong. While making strenuous efforts to exploit markets in Hong Kong, Japan and Southeast Asia, the Company trusts that JV Co 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.

The Company believes, based on JV Co's experiences gained from the Insurtech market in China, it will develop world-leading cloud-based and open-ended insurance industry core platform products, and create hybrid ecosystems integrating traditional insurance industry and internet platforms, with an aim to become the preferred partner for insurance digitalization and financial service provider in the Asia Pacific region.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis of the Group for each of the three years ended December 31, 2020, 2021 and 2022, respectively. The information reproduced below is extracted from the relevant sections in the annual reports. These extracted materials below were prepared prior to the date of this circular and speak as of the date they were originally published, representing the opinions and beliefs made by the then Directors at such time when the relevant annual report was issued.

For the year ended December 31, 2020**BUSINESS REVIEW**

The Board acknowledges that JV Co, 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 JV Co is a long-term investment and believes that the performance of JV Co 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 JV Co presents numerous opportunities which are beneficial to the Company.

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

SIGNIFICANT INVESTMENT

As at 31 December 2020, total equity instruments at fair value through other comprehensive income amounted to HK\$3,118.8 million, mainly representing that of ZAOIL owned by the Group of approximately HK\$2,924.5 million, which was measured at fair value as at 31 December 2020. As at 31 December 2020, the significant investment of the Group is as follows:

Description of significant investment	Number of shares held as at 31 December 2020	Percentage of shareholding as at 31 December 2020	Unrealised fair value gain/(loss) recognised in other comprehensive income for the year ended 31 December 2020	Realised fair value gain/(loss) recognised in other comprehensive income for the year ended 31 December 2020	Dividends received for the year ended 31 December 2020	Approximate percentage of the Group's total assets as at 31 December 2020	Cost of investment	Market value as at 31 December 2020
			HK\$'million	HK\$'million		HK\$'000		HK\$'million
Hong Kong listed shares								
ZAOIL (Stock code: 6060)	81,000,000	5.51	492.7	—	—	25	92	2,924.5

* In 2020, ZAOIL 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 ZAOIL, the Group has taken into account the aforesaid lock-up mechanisms on the H shares of ZAOIL.

ZAOIL 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 2020, the gross written premiums of ZAOIL was approximately RMB16,709 million, a year-on-year increase of approximately 14.2%; the net profit attributable to owners of the parent company was approximately RMB553.8 million, as compared to a loss attributable to owners of the parent company of RMB454.1 million for the corresponding period in 2019.

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 the future, ZAOIL, 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.

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

FINANCIAL REVIEW

Revenue and loss for the Period

For the year ended 31 December 2020, the Group's revenue was HK\$384.5 million, decreasing by 14% as compared to last year. Gross profit was HK\$229.2 million, decreasing by 14% as compared to last year. The Company recorded loss attributable to the owners of the Company of HK\$453.1 million during the year, increasing by 43% as compared to last year.

Rental income and property management income was the main sources of revenue of the Group. They are mainly contributed by our investment properties for our commercial property portfolio, composed of *The Vi City*, *Sinolink Garden Phase One to Four* and *Sinolink Tower*.

Property investment

During the year ended 31 December 2020, revenue from property investment contributed approximately HK\$172.3 million, representing 45% of total revenue and generated a segment profit of HK\$128.3 million. The revenue was decreased by 19% while segment result was decreased by 39% as compared to the same period of last year. Due to the outbreak of the COVID-19 pandemic, rental income dropped due to rent concession granted to tenants during the year with an aim to help them to overcome the challenging situation.

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

Property management

During the year ended 31 December 2020, revenue from property management contributed approximately HK\$120.2 million, representing 31% of total revenue and generated a segment profit of HK\$8.5 million. The revenue from property management was slightly decreased by 6% while segment profit was increased by 33% as compared to the same period of last year. Due to the outbreak of the COVID-19 pandemic, management income dropped due to concession granted to tenants during the year with an aim to help them to overcome the challenging situation.

Liquidity and Financial Resources

As at 31 December 2020, the Group's gearing ratio, calculated on the basis of total borrowings over shareholders' equity, was 10.6%. The Group remained financially strong with a net cash position.

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

The Group funds its operations and capital commitments by internal resources and bank borrowings.

Commitment

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

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 2020, 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.

Employee and Remuneration Policy

As at 31 December 2020, the Group employed approximately 691 full time employees for its principal activities. For the year ended 31 December 2020, the salaries and wages of the employees amounted to approximately HK\$130.7 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.

Contingent Liabilities

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

Significant Investment and Material Acquisition and Disposal

As at 31 December 2020, total equity instruments at fair value through other comprehensive income amounted to HK\$3,118.8 million, mainly representing that of ZAOIL owned by the Group of approximately HK\$2,924.5 million, which was measured at fair value at the end of this reporting period.

No material acquisitions or disposals of subsidiaries, associates and joint ventures were conducted during the year ended December 31, 2020.

Charge on Assets

At 31 December 2020, pledged bank deposits of HK\$846.0 million, was pledged to banks to secure general banking facilities granted to the Group.

Capital Structure

As at December 31, 2020, the Group had total liabilities of approximately HK\$3,166.3 million mainly comprising taxation payable, borrowings and deferred tax liabilities of approximately HK\$775.2 million, HK\$753.1 million and HK\$1,147.0 million respectively. The Group's borrowings comprised of bank borrowings of HK\$685.0 million and other borrowings of HK\$68.1 million as at 31 December 2020. The bank borrowings of the Group are denominated in HK\$ and is interested at floating rate. The other borrowings of the Group are denominated in RMB and is interest free. They are due for repayment within one year.

The Group had a total equity of approximately HK\$8,672.8 million.

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

Future Plans for Material Investment or Capital Assets

As at December 31, 2020, the Group did not have any plans for material investments and capital assets.

For the year ended December 31, 2021**BUSINESS REVIEW**

The Board acknowledges that JV Co, 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 JV Co is a long-term investment and believes that the performance of JV Co 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 JV Co presents numerous opportunities which are beneficial to the Company.

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

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

For the year ended 31 December 2021, the Group's share of loss of JV Co was HK\$353.5 million, which was mainly attributable to the upfront development costs of JV Co.

SIGNIFICANT INVESTMENT

As at 31 December 2021, total equity instruments at fair value through other comprehensive income amounted to HK\$2,377.5 million, mainly representing that of ZAOIL owned by the Group of approximately HK\$2,187.3 million, which was measured at fair value as at 31 December 2021. As at 31 December 2021, the significant investment of the Group is as follows:

Description of significant investment	Number of shares held as at 31 December 2021	Percentage of shareholding as at 31 December 2021	Unrealised fair value gain/(loss) recognised in other comprehensive income for the year ended 31 December 2021	Realised fair value gain/(loss) recognised in other comprehensive income for the year ended 31 December 2021	Dividends received for the year ended 31 December 2021	Approximate percentage of the Group's total assets as at 31 December 2021	Cost of investment	Market value as at 31 December 2021
			HK\$'million	HK\$'million		HK\$'000		
Hong Kong listed shares								
ZAOIL (Stock code: 6060)	81,000,000	5.51	(964.2)	—	—	17	92	2,187.3

* In 2020, ZAOIL 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 ZAOIL, the Group has taken into account the aforesaid lock-up mechanisms on the H shares of ZAOIL.

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

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

As the first internet-based Insurtech company in China, ZAOIL upheld the mission of “empowering the finance business with technologies and providing insurance services with a caring hand”. ZAOIL 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, ZAOIL 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. ZAOIL 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, ZAOIL, 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.

FINANCIAL REVIEW

Revenue and loss for the Period

For the year ended 31 December 2021, the Group's revenue was HK\$432.2 million, increasing by 12% as compared to last year. Gross profit was HK\$268.8 million, increasing by 17% as compared to last year. The Company recorded profit attributable to the owners of the Company of HK\$190.7 million during the year, comparing to a loss of HK\$453.1 million to last year.

Rental income and property management income was the main sources of revenue of the Group. They are mainly contributed by our investment properties for our commercial property portfolio, composed of *The Vi City*, *Sinolink Garden Phase One to Four* and *Sinolink Tower*.

Property investment

During the year ended 31 December 2021, revenue from property investment contributed approximately HK\$212.4 million, representing 49% of total revenue and generated a segment profit of HK\$179.7 million. The revenue was increased by 23% while segment result was increased by 40% as compared to the same period of last year. Due to the outbreak of the COVID-19 pandemic, rental income dropped last year due to rent concession granted to tenants with an aim to help them to overcome the challenging situation, while rental income gradually recovered during this year.

Property management

During the year ended 31 December 2021, revenue from property management contributed approximately HK\$134.2 million, representing 31% of total revenue and generated a segment profit of HK\$5.9 million. The revenue was increased by 12% while segment profit was decreased by 31% as compared to the same period of last year. Due to the outbreak of the COVID-19 pandemic, management fee income dropped last year due to concession granted to tenants with an aim to help them to overcome the challenging situation, while management fee income gradually recovered during the year.

Liquidity and Financial Resources

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

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

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

Commitment

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

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 2021, 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.

Employee and Remuneration Policy

As at 31 December 2021, the Group employed approximately 664 full time employees for its principal activities. For the year ended 31 December 2021, the salaries and wages of the employees amounted to approximately HK\$136.6 million. The Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. 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.

Contingent Liabilities

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

Significant Investment and Material Acquisition and Disposal

As at 31 December 2021, total equity instruments at fair value through other comprehensive income amounted to HK\$2,377.5 million, mainly representing that of ZAOIL owned by the Group of approximately HK\$2,187.3 million, which was measured at fair value at the end of this reporting period.

No material acquisitions or disposals of subsidiaries, associates and joint ventures were conducted during the year ended December 31, 2021.

Charge on Assets

At 31 December 2021, pledged bank deposits of HK\$930.3 million and investment properties of HK\$563.6 million, were pledged to banks to secure general banking facilities granted to the Group.

Capital Structure

As at December 31, 2021, the Group had total liabilities of approximately HK\$3,255.9 million mainly comprising taxation payable, bank borrowings and deferred tax liabilities of approximately HK\$829.1 million, HK\$955.0 million and HK\$1,004.9 million respectively.

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

	<i>HK\$'million</i>
Within one year or on demand	65.4
After one year but within two years	85.9
After two years but within five years	<u>803.7</u>
 Total	 <u><u>955.0</u></u>

The Group had a total equity of approximately HK\$9,338.3 million.

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

Future Plans for Material Investment or Capital Assets

As at December 31, 2021, the Group did not have any plans for material investments and capital assets.

For the year ended December 31, 2022

BUSINESS REVIEW

The Board acknowledges that JV Co, 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 JV Co is a long-term investment and believes that the performance of JV Co 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 JV Co presents numerous opportunities which are beneficial to the Company.

Through provision of additional funds to JV Co, it will continue to establish and improve its target-oriented team management system, cultivate key talents and expand new business. In addition, JV Co will continue to leverage on the advantage of Hong Kong as an international city to establish a stronghold in Hong Kong. JV Co 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 JV Co 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 JV Co 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 JV Co.

SIGNIFICANT INVESTMENT

As at 31 December 2022, total equity instruments at fair value through other comprehensive income amounted to HK\$1,883.2 million, mainly representing that of ZAOIL owned by the Group of approximately HK\$1,741.5 million, which was measured at fair value as at 31 December 2022. 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	Market value as at 31 December 2022
			HK\$'million	HK\$'million		Cost of investment	
Hong Kong listed shares							
ZAOIL (Stock code: 6060)	81,000,000	5.51	(271.3)	—	—	16	92
		%	HK\$'million	HK\$'million	HK\$'000	%	HK\$'million

* In 2020, ZAOIL 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 ZAOIL, the Group has taken into account the aforesaid lock-up mechanisms on the H shares of ZAOIL.

ZAOIL 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 ZAOIL 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, ZAOIL upheld the mission of “empowering the finance business with technologies and providing insurance services with a caring hand”. ZAOIL 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, ZAOIL 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. ZAOIL 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, ZAOIL, 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.

FINANCIAL REVIEW

Revenue and loss for the Period

During the year, total revenue of the Group was HK\$380.4 million, decreasing by 12% as compared with year 2021. 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. 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. 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, representing a slightly decrease of approximately 2.4% compared with 2021. 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, mainly contributed by the capital depreciation of car parks located in the PRC for rental.

Rental income and property management income was the main sources of revenue of the Group. They are mainly contributed by our investment properties for our commercial property portfolio, composed of *The Vi City*, *Sinolink Garden Phase One to Four* and *Sinolink Tower*.

Property investment

During the year ended 31 December 2022, revenue from property investment contributed approximately HK\$176.3 million, representing 46% of total revenue and generated a segment profit of HK\$153.4 million. The revenue was decreased by 17% while segment result was decreased by 15% as compared to the same period of last year. The decrease 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*.

Property management

During the year ended 31 December 2022, revenue from property management contributed approximately HK\$120.2 million, representing 32% of total revenue and generated a segment profit of HK\$1.8 million. The revenue was decreased by 10% while segment profit was decreased by 67% as compared to the same period of last year, and were mainly due to the lowered occupancy in our investment properties.

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%. 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, mostly denominated in RMB, HK\$ and US\$. As at 31 December 2022, the Group has undrawn borrowing facilities of HK\$376.4 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.

Commitment

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

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.

Employee and Remuneration Policy

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. 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.

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.

Significant Investment and Material Acquisition and Disposal

As at 31 December 2022, total equity instruments at fair value through other comprehensive income amounted to HK\$1,883.2 million, mainly representing that of ZAOIL owned by the Group of approximately HK\$1,741.5 million, which was measured at fair value at the end of this reporting period.

No material acquisitions or disposals of subsidiaries, associates and joint ventures were conducted during the year ended December 31, 2022.

Charge on Assets

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

Capital Structure

As at December 31, 2022, the Group had total liabilities of approximately HK\$3,184.2 million mainly comprising taxation payable, bank borrowings and deferred tax liabilities of approximately HK\$758.9 million, HK\$1,153.6 million and HK\$824.4 million respectively.

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

	<i>HK\$'million</i>
Within one year or on demand	102.2
After one year but within two years	<u>1,051.4</u>
Total	<u><u>1,153.60</u></u>

The Group had a total equity of approximately HK\$8,020.4 million.

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

Future Plans for Material Investment or Capital Assets

As at December 31, 2022, the Group did not have any plans for material investments and capital assets.

The following is the text of a report set out on pages II-1 to II-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SINOLINK WORLDWIDE HOLDINGS LIMITED

Introduction

We report on the historical financial information of ZhongAn Technologies International Group Limited (the “**JV Co**”) and its subsidiaries (together, the “**JV Group**”) set out on pages II-4 to II-102, which comprises the consolidated and company statements of financial position as at 31 December 2020, 2021 and 2022, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2020, 2021 and 2022 (the “**Track Record Period**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages II-4 to II-102 forms an integral part of this report, which has been prepared for inclusion in the circular of Sinolink Worldwide Holdings Limited (the “**Company**”) dated 30 June 2023 (the “**Circular**”) in connection with the additional capital contribution to the JV Co by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The previously issued financial statements for the years ended 31 December 2020, 2021 and 2022 (“**Historical Financial Statements**”), on which the Historical Financial Information is based, were prepared by the directors of the JV Co. The directors of the JV Co are responsible for the preparation of the Historical Financial Statements of the JV Group that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the HKICPA. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the JV Co as at 31 December 2020, 2021 and 2022 and the consolidated financial position of the JV Group as at 31 December 2020, 2021 and 2022 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Historical Financial Statements have been made.

PricewaterhouseCoopers*Certified Public Accountants*

Hong Kong

30 June 2023

I HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Historical Financial Information in this report was prepared by the directors of the Company based on the previously issued financial statements for the years ended 31 December 2020, 2021 and 2022 of the JV Group ("Historical Financial Statements"). The previously issued financial statements for the years ended 31 December 2020, 2021 and 2022 were audited by the statutory auditor of the JV Co in accordance with Hong Kong Standards on Auditing issued by HKICPA.

The Historical Financial Information is presented in Hong Kong Dollar and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2020 HK\$'000	2021 HK\$'000	2022 HK\$'000
Revenue and other income				
Service fee income from third parties	5	182,615	283,345	305,337
Service fee income from related parties	5	20,018	20,172	42,193
Interest income from banking operations	6	65,933	146,946	276,498
Interest income from non-banking operations	6	26,762	24,023	41,313
Net investment gain/(loss)	7	14,064	(11,989)	233,165
Insurance premium revenue	8	2,271	126,866	406,982
Fee and commission income from banking operations	9	1,637	87,785	134,771
Other income	10	11,639	9,431	86,383
Total revenue and other income		<u>324,939</u>	<u>686,579</u>	<u>1,526,642</u>
Expenses				
Operating expenses	11	(797,543)	(1,244,390)	(1,506,501)
Interest expenses on banking operations	6	(37,797)	(60,096)	(84,125)
Interest expenses on non-banking operations	14	(3,533)	(681)	(2,384)
Fee and commission expenses on banking operations	9	(499)	(35,086)	(56,391)
Net claims and benefits incurred and movement in liabilities to policyholders	12	(47,161)	(128,877)	(384,250)
Expected credit losses on financial assets	15	(14,258)	(49,496)	(63,422)
Total expenses		<u>(900,791)</u>	<u>(1,518,626)</u>	<u>(2,097,073)</u>
Operating loss		<u>(575,852)</u>	<u>(832,047)</u>	<u>(570,431)</u>
Share of results from associates and joint ventures accounted for using equity method	21	(33,953)	(17,066)	(21,510)
Loss before income tax		<u>(609,805)</u>	<u>(849,113)</u>	<u>(591,941)</u>

	Notes	Year ended 31 December		
		2020 HK\$'000	2021 HK\$'000	2022 HK\$'000
Loss before income tax		(609,805)	(849,113)	(591,941)
Income tax	16	<u>(73)</u>	<u>(225)</u>	<u>—</u>
Net loss for the years		<u><u>(609,878)</u></u>	<u><u>(849,338)</u></u>	<u><u>(591,941)</u></u>
Attributable to:				
- Owners of the JV Co		(496,440)	(759,617)	(614,976)
- Non-controlling interests		<u>(113,438)</u>	<u>(89,721)</u>	<u>23,035</u>
		<u><u>(609,878)</u></u>	<u><u>(849,338)</u></u>	<u><u>(591,941)</u></u>
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		6,088	(9,651)	(6,264)
Release of reserve upon disposal of subsidiaries		—	—	(3,659)
Changes in the fair value of debt instruments measured at fair value through other comprehensive income ("FVOCI")		5,323	(34,288)	(363,294)
		<u>11,411</u>	<u>(43,939)</u>	<u>(373,217)</u>
Total comprehensive loss for the years		<u><u>(598,467)</u></u>	<u><u>(893,277)</u></u>	<u><u>(965,158)</u></u>
Attributable to:				
- Owners of the JV Co		(489,642)	(796,918)	(972,713)
- Non-controlling interests		<u>(108,825)</u>	<u>(96,359)</u>	<u>7,555</u>
		<u><u>(598,467)</u></u>	<u><u>(893,277)</u></u>	<u><u>(965,158)</u></u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December		
		2020	2021	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS				
Property and equipment	18	16,127	11,747	22,534
Right-of-use assets	19	15,292	9,398	103,785
Intangible assets	20	40,586	39,280	113,253
Investments accounted for using the equity method	21	46,334	91,940	83,099
Trade and other receivables	23	108,173	201,432	219,933
Interest receivables		43,007	46,163	—
Loans and advances to customers	22	674,135	2,512,897	4,886,966
Premium receivables		13	71	121
Reinsurance assets	24	2,327	5,290	6,213
Reinsurers' share of provision for outstanding claims	25	—	1,214	21,947
Financial assets at FVOCI	26	5,036,151	5,589,985	5,863,226
Financial assets measured at fair value through profit or loss ("FVPL")	27	133,178	225,839	951,622
Income tax recoverable		1,198	—	—
Investment in debt securities at amortised costs	28	298,344	263,497	188,502
Other assets	30	44,946	45,624	53,065
Cash and amounts due from banks and other financial institutions	29	<u>3,021,407</u>	<u>3,104,095</u>	<u>1,387,240</u>
Total assets		<u><u>9,481,218</u></u>	<u><u>12,148,472</u></u>	<u><u>13,901,506</u></u>

	<i>Notes</i>	As at 31 December		
		2020	2021	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES				
Deposits from customers	34	6,012,613	6,967,176	9,157,915
Lease liabilities	19	16,723	12,422	96,711
Amount due to related parties	32	593,113	1,060,324	1,026,566
Insurance contract liabilities	33	49,488	180,324	300,617
Reinsurance premium payables		330	1,497	8,614
Financial liability at FVPL	37	—	—	72,062
Contract liabilities	5, 9, 10	21,877	29,257	39,515
Trade payables and other liabilities	31	171,961	361,992	427,026
Total liabilities		<u>6,866,105</u>	<u>8,612,992</u>	<u>11,129,026</u>
Net assets		<u>2,615,113</u>	<u>3,535,480</u>	<u>2,772,480</u>
EQUITY				
Share capital	35	2,315,599	4,041,005	5,391,959
Redeemable preference shares	36	938,709	1,047,192	—
Reserves		344	(19,456)	(353,804)
Accumulated losses		(975,838)	(1,812,720)	(2,567,898)
Total equity attributable to owners of the JV Co		2,278,814	3,256,021	2,470,257
Non-controlling interests		336,299	279,459	302,223
Total equity		<u>2,615,113</u>	<u>3,535,480</u>	<u>2,772,480</u>

STATEMENTS OF FINANCIAL POSITION OF THE JV CO

	<i>Notes</i>	As at 31 December		
		2020	2021	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS				
Property and equipment	18	13,119	6,953	12,623
Right-of-use assets	19	8,984	3,760	52,680
Intangible assets		—	—	10,681
Investment in subsidiaries and other entities	17	2,909,193	4,617,360	5,190,690
Trade and other receivables	23	—	292	26,983
Financial assets at FVOCI	26	—	398,643	38,664
Financial assets at FVPL	27	50,719	51,167	251,032
Other assets		8,512	3,063	4,373
Amount due from subsidiaries	32	461,578	499,974	543,253
Cash and cash equivalents	29	143,038	324,772	97,192
Total assets		<u>3,595,143</u>	<u>5,905,984</u>	<u>6,228,171</u>
LIABILITIES				
Lease liabilities	19	11,165	6,011	47,481
Amount due to subsidiaries	32	14,408	67,244	164,098
Amount due to related parties	32	581,465	1,048,552	1,008,774
Contract liabilities		—	—	357
Financial liability at FVPL	37	—	—	72,062
Trade payables and other liabilities	31	2,678	54,340	54,948
Total liabilities		<u>609,716</u>	<u>1,176,147</u>	<u>1,347,720</u>
Net assets		<u>2,985,427</u>	<u>4,729,837</u>	<u>4,880,451</u>
EQUITY				
Share capital	35	2,315,599	4,041,005	5,391,959
Redeemable preference shares	36	938,709	1,047,192	—
Reserves	40	868	10,707	73,059
Accumulated losses	40	(269,749)	(369,067)	(584,567)
Total equity		<u>2,985,427</u>	<u>4,729,837</u>	<u>4,880,451</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the JV Co									
		Reserves									
	Notes	Share capital	Redeemable shares	Other reserves	Translation reserves	Financial asset at FVOCI reserve	Share option reserves	Accumulated losses	Total controlling interests	Total equity	
Year ended 31 December 2020											
Balance at 1 January 2020											
	35	999,316	1,480,721	(9,953)	(61)	61	—	(443,384)	2,026,700	28,299	2,054,999
		1,316,283	—	—	—	—	—	—	1,316,283	—	1,316,283
	36	—	(542,012)	—	—	—	—	(36,014)	(578,026)	—	(578,026)
		—	—	—	—	—	3,499	—	3,499	—	3,499
		—	—	—	—	—	—	—	—	416,825	416,825
		—	—	—	—	—	—	(496,440)	(496,440)	(113,438)	(609,878)
		—	—	—	2,983	—	—	—	2,983	3,105	6,088
		—	—	—	—	3,815	—	—	3,815	1,508	5,323
		<u>2,315,599</u>	<u>938,709</u>	<u>(9,953)</u>	<u>2,922</u>	<u>3,876</u>	<u>3,499</u>	<u>(975,838)</u>	<u>2,278,814</u>	<u>336,299</u>	<u>2,615,113</u>
Balance at 31 December 2020											
Year ended 31 December 2021											
Balance at 1 January 2021											
	35	2,315,599	938,709	(9,953)	2,922	3,876	3,499	(975,838)	2,278,814	336,299	2,615,113
		1,725,406	—	—	—	—	—	—	1,725,406	—	1,725,406
	36	—	600,197	—	—	—	—	—	600,197	—	600,197
		—	(491,714)	—	—	—	—	(77,265)	(568,979)	—	(568,979)
		—	—	—	—	—	16,366	—	16,366	—	16,366
		—	—	—	—	—	1,135	—	1,135	—	1,135
		—	—	—	—	—	—	—	—	39,519	39,519
		—	—	—	—	—	—	(759,617)	(759,617)	(89,721)	(849,338)
		—	—	—	(4,458)	—	—	—	(4,458)	(5,193)	(9,651)
		—	—	—	—	(32,843)	—	—	(32,843)	(1,445)	(34,288)
		<u>4,041,005</u>	<u>1,047,192</u>	<u>(9,953)</u>	<u>(1,536)</u>	<u>(28,967)</u>	<u>21,000</u>	<u>(1,812,720)</u>	<u>3,256,021</u>	<u>279,459</u>	<u>3,535,480</u>
		<u>4,041,005</u>	<u>1,047,192</u>	<u>(9,953)</u>	<u>(1,536)</u>	<u>(28,967)</u>	<u>21,000</u>	<u>(1,812,720)</u>	<u>3,256,021</u>	<u>279,459</u>	<u>3,535,480</u>

		Attributable to owners of the JV Co									
		Reserves									
Notes	Redeem-able shares	Share preference capital	Other reserves	Translation reserves	Financial asset at FVOCI reserve	Share option reserves	Accumulated losses	Total	Non-controlling interests	Total equity	
											Year ended 31 December 2022
Balance at 1 January 2022		4,041,005	1,047,192	(9,953)	(1,536)	(28,967)	21,000	(1,812,720)	3,256,021	279,459	3,535,480
Net loss for the year		—	—	—	—	—	—	(614,976)	(614,976)	23,035	(591,941)
Currency translation differences		—	—	—	(2,677)	—	—	—	(2,677)	(3,587)	(6,264)
Release of reserve upon disposal of a subsidiary		—	—	—	(1,793)	—	—	—	(1,793)	(1,866)	(3,659)
Changes in the fair value of financial assets at FVOCI		—	—	—	—	(353,267)	—	—	(353,267)	(10,027)	(363,294)
Total comprehensive (loss)/income for the year		—	—	—	(4,470)	(353,267)	—	(614,976)	(972,713)	7,555	(965,158)
Issue of ordinary shares	35	1,350,954	—	—	—	—	—	—	1,350,954	—	1,350,954
Redemption of redeemable preference shares		—	(1,047,192)	—	—	—	—	(141,468)	(1,188,660)	—	(1,188,660)
Share based payments		—	—	—	(1,227)	—	36,174	1,266	36,213	27,814	64,027
Transaction with non-controlling interests		—	—	(11,558)	—	—	—	—	(11,558)	11,558	—
Disposal of a subsidiary		—	—	—	—	—	—	—	—	(24,163)	(24,163)
Balance at 31 December 2022		5,391,959	—	(21,511)	(7,233)	(382,234)	57,174	(2,567,898)	2,470,257	302,223	2,772,480

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2020 HK\$'000	2021 HK\$'000	2022 HK\$'000
OPERATING ACTIVITIES				
Cash generated from/(used in) operating activities	39	4,185,531	(629,909)	(226,722)
Income tax paid		(3,646)	(225)	—
Net cash generated from/(used in) operating activities		<u>4,181,885</u>	<u>(630,134)</u>	<u>(226,722)</u>
INVESTING ACTIVITIES				
Dividend received		548	687	588
Payments for purchase of property and equipment	18	(8,371)	(4,897)	(26,154)
Acquisition of intangible asset	20	(31,085)	(6,914)	(88,474)
Proceeds from sale and redemption of investments		3,323,429	4,838,954	2,879,050
Purchase of investment securities		(8,685,474)	(5,498,515)	(3,991,009)
Investment in investments accounted for using the equity method		(34,875)	(62,673)	(4,680)
Net cash inflow from disposal of subsidiaries		—	—	87,576
Net cash used in investing activities		<u>(5,435,828)</u>	<u>(733,358)</u>	<u>(1,143,103)</u>
FINANCING ACTIVITIES				
Proceeds from issue of ordinary shares	35	1,316,283	1,725,406	1,350,954
Capital contribution from non-controlling interests of subsidiaries		416,825	39,519	—
Proceeds from issue of redeemable preference shares	36	—	600,197	—
Proceeds from exercise of share options		—	—	1,128
Redemption of redeemable preference shares	36	(578,026)	(568,979)	(1,188,660)
Payment for principal elements of lease liabilities	19	(10,331)	(8,785)	(19,526)
Interest paid on lease liabilities	19	(1,039)	(680)	(2,384)
Net cash generated from financing activities		<u>1,143,712</u>	<u>1,786,678</u>	<u>141,512</u>
Net (decrease)/increase in cash and cash equivalents		<u>(110,231)</u>	<u>423,186</u>	<u>(1,228,313)</u>
Cash and cash equivalents at the beginning of years		2,262,944	2,158,741	2,556,871
Effects of exchange rate changes on cash and cash equivalents		6,028	(25,056)	8,110
Cash and cash equivalents at end of years	29	<u><u>2,158,741</u></u>	<u><u>2,556,871</u></u>	<u><u>1,336,668</u></u>
Represented by:				
Cash and balance with central bank and banks		1,356,657	2,027,871	1,252,972
Placements with and advances to banks		802,084	529,000	83,696
		<u><u>2,158,741</u></u>	<u><u>2,556,871</u></u>	<u><u>1,336,668</u></u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General information of the JV Group

ZhongAn Technologies International Group Limited (the “JV Co”) and its subsidiaries (together the “JV Group”) provide technology developments and technology consulting services to customers; banking services to its customers and direct underwriting of long-term insurance business.

The JV Co is incorporated in Hong Kong on 22 September 2017 as a limited company under the Hong Kong Companies Ordinance (Cap. 622). The address of its registered office is Unit 1302-03, Level 13, IT Street, Cyberport 3, 100 Cyberport Road, Hong Kong.

The JV Co is a subsidiary of ZhongAn Information Technology Service Company Limited (the “ZhongAn Technology”) which holds 44.70% of the JV Co’s ordinary shares as at 31 December 2022. Sinolink Worldwide Holdings Limited (the “Company”), which is listed on the Main Board of the Hong Kong Stock Exchange, holds 44.75% of the JV Co’s ordinary shares as at 31 December 2022. The ultimate parent company of the JV Co is ZhongAn Online P&C Insurance Co., Limited. (the “ZAOIL”), incorporated in the People’s Republic of China and listed on the Main Board of the Hong Kong Stock Exchange.

The Historical Financial Information for the financial years ended 31 December 2020, 2021 and 2022 contained in this accountant’s report does not constitute the JV Co’s statutory annual consolidated financial statements for any of the financial years ended 31 December 2020, 2021 and 2022 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The JV Co has delivered the statutory financial statements for each of the financial years ended 31 December 2020, 2021 and 2022 to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The JV Co’s auditor has reported on these financial statements for each of the financial years ended 31 December 2020, 2021 and 2022. The auditor’s reports (i) were unqualified for each of the financial years ended 31 December 2020, 2021 and 2022; (ii) other than the auditor’s report on the financial statements for the financial year ended 31 December 2020, did not include a reference to any matters to which the auditor drew attention by way of emphasis; and (iii) did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance for each of the financial years ended 31 December 2020, 2021 and 2022.

2. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountant (“HKICPA”). The Historical Financial Information has been prepared on a historical cost basis, except for financial assets at FVPL and FVOCI which are measured at fair value.

The preparation of Historical Financial Information 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 JV Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 4.

(i) Adoption of amendments to standards

A number of new or amended standards became applicable for the accounting period beginning on 1 January 2022. The JV Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use
HKAS 37 (Amendments)	Onerous Contracts - Cost of Fulfilling a Contract
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKFRS 16 (Amendments)	Covid-19 Related Rent Concessions beyond 2021
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
Annual Improvements Projects	Annual Improvements to HKFRSs 2018-2020

The adoption of these amendments to existing standards does not have any significant effect on the consolidated financial statements or result in any substantial changes in the JV Group's accounting policies.

(ii) New standards, interpretation and amendments to standards not yet effective

		Effective for accounting periods beginning on or after
HKAS 8 (Amendments)	Definition of Accounting Estimates (amendments)	1 January 2023
HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)	1 January 2023
HKAS 12 (Amendments)	Deferred Tax Relate to Assets and Liabilities Arising from a Single Transaction (amendments)	1 January 2023
HKFRS 17	Insurance Contract	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKFRS 17 (Amendments)	Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current (amendments)	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants (amendments)	1 January 2024
HKAS 16 (Amendments)	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
HK Interpretation 5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (amendments)	To be determined

The JV Group has not early adopted the above new standards, interpretation, amendments to existing standards and will apply these new standards, interpretation and amendments to existing standards as and when they become effective. The JV Group has already commenced an assessment of the related impact of these new standards, interpretation and amendments to the existing standards to the JV Group, certain of them will give rise to change in presentation, disclosure and measurements of certain items in the consolidated financial statements.

HKFRS 17

HKFRS 17 was issued in December 2017 and will replace the current HKFRS 4 Insurance Contracts. It applies to the measurement of insurance contracts issued, all insurance contracts and investment contracts with discretionary participating features. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:

- Discounted probability-weighted cash flows;
- An explicit risk adjustment; and
- A contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over coverage period.

This standard is currently mandatorily effective for annual periods beginning on or after 1 January 2023.

Estimated impact of the adoption of HKFRS 17

The Group has applied the transition provisions in HKFRS 17 and has not disclosed the impact of the adoption of HKFRS 17 on each financial statement line item. The overall impact of establishing the CSM, as well as other measurement impacts on the JV Group's assets and liabilities, is expected to increase equity upon transition.

The estimated impact is preliminary because not all the transition work has been finalised. The actual impact of adopting HKFRS 17 on 1 January 2022 may change because:

- The JV Group is continuing to refine the new accounting processes and internal controls required for applying HKFRS 17; and
- The new accounting policies, assumptions, judgements and estimation techniques are subject to change until the JV Group finalizes its first consolidated financial statements that include the date of initial application.

2.2 Principles of consolidation and equity accounting*(i) Subsidiaries*

A subsidiary is an entity over which the JV Co has control. The JV Co controls an entity when the JV Co 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 over the entity. Subsidiaries are consolidated from the date on which control is transferred to the JV Co. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the JV Co.

Intercompany 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 JV Co.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated statements of financial position and consolidated statements of changes in equity respectively.

In the JV Co's balance sheet, investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(ii) Disposal of subsidiaries

When the JV Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as joint ventures, associates or financial assets. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the JV 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.

(iii) Investments accounted for using the equity method

The JV Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The JV Group has assessed the nature of its joint arrangements and determined them to be joint ventures, which are accounted for using the equity method. An associate is an entity over which the JV Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investment in a joint venture/an associate is accounted for using the equity method from the date on which it becomes a joint venture/an associate. The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and OCI of the investee after the date of acquisition.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the JV Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the JV 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 JV 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 JV Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the JV Group and its joint ventures/associates are eliminated to the extent of the JV Group's interest in these entities. 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 JV Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.6.

(iv) Changes in ownership interest

The JV Co treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the JV Co. 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 JV Co.

When the JV Co 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 re-measured 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 or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the JV Co 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.

If the ownership investment in 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.

(iii) Business combinations

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 JV 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 JV 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.

2.3 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial information of each of the JV Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information are presented in Hong Kong dollar ("HK\$"), which is the JV Co's functional currency and the JV Group's presentation currency.

(ii) 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 profit or loss.

Foreign exchange gains and losses that relate to borrowings and all other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income on a net basis within other income.

(iii) 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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this 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 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 associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the JV 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 exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the JV Co are reclassified to profit or loss.

In the case of a partial disposal that does not result in the JV 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 JV Group's ownership interest in associates or joint ventures that do not result in the JV Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.4 Property and equipment

Property and equipment are stated at historical cost less depreciation. 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 item will flow to the JV Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Category	Useful Life
Furniture, fittings and equipment	3 - 5 years
Vehicles	5 years
Leasehold improvement	Shorter of lease term or useful life

The assets' 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. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/(losses), net, in the consolidated statements of comprehensive income.

2.5 *Intangible assets*

The JV Group's intangible assets include software and licences.

Intangible assets can be recognised only when future economic benefits expected to be obtained from the use of the item will flow into the JV Group and its cost can be measured reliably. Intangible assets acquired separately are measured on initial recognition at cost.

Expenditure on maintaining computer software is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the JV Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. Other development expenditure is recognised as an expense in the period in which it is incurred. Other intangible assets that are acquired by the JV Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses.

The useful lives of intangible assets are assessed by the period of bringing economic benefits for the JV Group. If the period of bringing economic benefits cannot be determined, intangible assets will be classified as indefinite intangible assets.

(i) *Amortisation methods and periods*

The JV Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Category	Useful Life
Software	3-10 years
Licence	Indefinite

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2.6 *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. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. 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.

2.7 *Leases*

JV 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 JV Group.

Contracts may contain both lease and non-lease components. The JV Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the JV Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. 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. 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 payment 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 JV Group under residual value guarantees
- the exercise price of a purchase option if the JV Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the JV Group 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 JV 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 JV Group:

- where possible, 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, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The JV Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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.

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.

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. If the JV Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the JV Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the JV Group. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in consolidated statements of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.8 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Other receivables are amounts generally arise from transactions outside the usual operating activities of the JV Group. They are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

2.9 Investment and other financial assets

(i) Classification

The JV 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 profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the JV Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

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

(ii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the JV 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 JV Group has transferred substantially all the risks and rewards of ownership.

(iii) *Measurement*

At initial recognition, the JV Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset, such as fees and commissions. Transaction costs of financial assets carried at fair value through profit or loss 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 JV Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the JV 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 included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in net investment gains/(losses). Foreign exchange gains and losses are presented in other income/(expenses) and impairment losses are presented as separate line item in the consolidated statements of comprehensive income.
- **FVOCI:** 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 FVOCI. 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 profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net investment gains/(losses). 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 income/(expenses) and impairment expenses are presented as separate line item in the consolidated statements of comprehensive income.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within net investment gains/(losses) in the period in which it arises. Foreign exchange gains and losses are presented in other income/(expenses).

Equity instruments

The JV Group subsequently measures all equity investments at fair value. Where the JV 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 profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the JV Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in net investment gains/(losses) in the consolidated statements of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The JV Group assesses on a forward looking basis the expected credit losses associated with its short-term bank deposits, cash and cash equivalents, financial assets at FVOCI, financial assets at amortised cost, loans and advances, and trade and other receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk. At initial recognition, allowance is required for expected credit loss resulting from default events that are possible within the next 12 months. In the event of a significant increase in credit risk, allowance is required for expected credit loss resulting from all possible default events over the expected life of the financial instrument. For financial assets that is credit-impaired at the reporting date, the JV Group measure the expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

For trade and other receivables, the JV Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.1 (ii) for further details.

2.10 Financial liabilities*(i) Recognition and derecognition*

Financial liabilities are recognised when the JV Group becomes a party to the contractual provisions of the instrument. 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.

(ii) Classification and subsequent measurement

At initial recognition, the JV Group measures a financial liability at its fair value, net of transaction costs incurred (if any) and subsequently at amortised cost using the effective interest method, except for:

Financial liabilities at FVPL: This classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at FVPL are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss; and

Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies. When the transfer of financial asset did not qualify for derecognition, a financial liability is recognised for the consideration received for the transfer.

2.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flow, 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.

2.12 Share capital and redeemable preference shares

Ordinary shares are classified in equity when there is not any obligation to transfer cash or other assets to the holders. Redeemable preference shares are classified as equity if it is non-redeemable at the option of the holders, or redeemable only at the JV Co's discretion.

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

2.13 Trade payables and other liabilities

These amounts represent other accruals for expenses incurred prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Other liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Revenue recognition

The JV Group's main revenue is recognised on the following bases:

(i) Implementation, licensing and post-implementation support service

Implementation services represent customisation services provided to customers to develop customised intellectual property. The contract term for implementation services is typically within one year. The implementation contract is on a fixed-fee basis.

There were two types of licensing services provided:

- 1) licensing service which grants customers a right to access the JV Group's software throughout the license period. The contract term for licensing services is typically three to five years. Periodic fixed fees for this licensing are recognised over the contract-terms.
- 2) licensing service which provides customers a right to use the JV Group's software as that software exists (in the form and with the functionality) at the point in time when the licence transfers to the customer where revenue is recognised.

Post-implementation support services mainly represent post implementation maintenance or consulting services. Periodic fixed fees for maintenance services are recognised over the contract-terms, while consulting service fees are recognised when services are rendered.

The JV Group's customer contracts often include both implementation services, licensing service and post-implementation support services. Judgement is required in determining whether implementation services, licensing service and post-implementation support services are separate performance obligations. Customers can benefit from implementation service, licensing service or post-implementation support service on their own, and those services are clearly stated in the contract and are separately identifiable, they are not integrated or interrelated with each other, and do not significantly affect each other. The JV Group has concluded that implementation services, licensing services or post-implementation support services qualify as separate performance obligations and the portion of the contractual fee allocated to them is recognised separately.

For implementation services, the performance obligation is to develop customised intellectual property for specific needs of individual customers is made available to the customers upon requests and the work performed up to date is accessible to customers from time to time for review and acceptance, where the JV Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Accordingly, revenue for implementation services is recognised over the contract terms by reference to the progress of work performed, which is measured based on the value to the customer of the services transferred to date relative to the remaining services promised under the contract.

For licensing service which grants customers a right to access, the performance obligation is to grant right to access of the JV Group's software throughout the license period. The customers simultaneously receive and consume the benefits of these support services as the JV Group perform and revenue is recognised based on time elapsed throughout the license period.

For licensing services which provides customers a right to use, the performance obligation is to provide right to use of the JV Group's software. Customer obtains control of the promised software and the JV Group satisfies a performance obligation at the point in time, and has a present right to payment and collection of the consideration is probable. Revenue is recognised at a point in time.

For post-implementation support services, the performance obligation is to stand ready to provide technical support and unspecified updates and upgrades or technical consulting on a when-and-if-available basis. The customers simultaneously receive and consume the benefits of these support services as the JV Group perform and revenue is recognised based on time elapsed and thus ratably over the term of the support arrangement.

Contract liabilities

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the JV Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(ii) Insurance premium revenue

Gross premiums written on long term insurance contracts are recognised when due for payment.

(iii) Interest income and dividend income

Interest income is recognised on an accrual basis using the effective interest rate method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividends are recognised when the shareholders' right to receive payment is established.

(iv) Fee and commission income

Fees and commissions income are recognised on an accrual basis when the service has been provided to customers.

Interchange fee

For debit card interchange activities, ZA Bank Limited ("the Bank") provides its customers with card processing services (i.e. authorisation and settlement of transactions executed with the Bank's cards) where it is entitled to an interchange fee for each transaction (i.e., when a cardholder purchases goods and services from merchants using the Bank's card). The fees are based on the number of transactions processed.

Others

Loan fees for servicing a loan are recognised as fee income. Commissions and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party is recognised when the act is completed.

2.15 Insurance contracts*(i) Classification*

The JV Group issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are defined as those contracts that transfer significant insurance risk at the inception of the contract. Such contracts may also transfer financial risk. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the year.

As a general guideline, the JV Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 105% more than the benefits payable if the insured event did not occur.

(ii) Reinsurance

The JV Group cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Reinsurance arrangements do not relieve the JV Group from its direct obligations to policyholders.

Premium ceded and benefits reimbursed are presented in the consolidated statement of comprehensive income and balance sheet on a gross basis. Amount recoverable under such contracts are recognised in the same year as the related claims. The cost of reinsurance related to long-term contracts is accounted for over the life of the underlying insurance policies using assumptions consistent with those used to account for the underlying policies.

The benefits to which the JV Group is entitled under its reinsurance contracts are recognised as reinsurance assets. These assets include amount due from reinsurers as well as reinsurance assets that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The JV Group assesses its reinsurance assets for impairment at each statement of financial position date. If there is objective evidence that the reinsurance asset is impaired, the JV Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises the impairment loss in the consolidated statement of comprehensive income. The JV Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also measured and recognised following the same method used for these financial assets.

(iii) Insurance benefits and claims

Insurance claims reflect the cost of maturities, surrenders, withdrawals and claims arising during the year, as well as policyholder dividends accrued in anticipation of dividend declarations. Death claims and surrenders are recognised on the basis of notification received. Maturities and annuity payments are recognised when due. Policy benefits are recognised as insurance liabilities.

(iv) Insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. The movements in liabilities at each reporting date are recognised in the consolidated statement of comprehensive income.

The expense reserve was included as statutory requirement that, based on estimated expenses needed to fulfil the enforce insurance policies if the JV Group were to cease to transact new business 12 months after the valuation date, and is subject to expense inflation risk.

A resilience reserve was set up and included in long term business fund liabilities in accordance with the Insurance (Determination of Long Term Liabilities) Rules to provide a prudent provision against the effects of possible future changes to the value of the assets to meet the liabilities.

The liabilities are calculated in accordance with Hong Kong Insurance Companies (Determination of Long Term Liabilities) Rule.

(v) Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of insurance liabilities. Statutory policy reserve will be compared against the best estimate reserve, which is calculated on Gross Premium Valuation basis. If the statutory policy reserve is smaller than the best estimate reserve at company level, the difference will be held as an additional reserve.

2.16 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 JV Co and its subsidiaries operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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. 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially 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.

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 JV Group 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when 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.

2.17 Operating expenses

Operating expenses consist primarily of employee benefit expenses and advertising and promotion expense which are associated with the general operation of the JV Group. Accounting policies of employee benefit expense is disclosed in note 2.18. Advertising and promotion expense includes but not limited to costs incurred from promotion, branding, customers acquisition and debit card reward programs to cardholders which are recognised as incurred.

2.18 Employee benefit expense

(i) 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 date of consolidated statements of financial position. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Bonus Plan

Provisions for bonus plans are recognised when the JV Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Defined contribution schemes

The employees of the JV Group participate in various defined contribution pension plans principally organised by municipal and provincial governments. Contributions to defined contribution schemes, such as the Mandatory Provident Fund ("MPF") Scheme, are expensed as incurred. The JV Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred.

The JV Group pays early retirement benefits to those employees who accept early retirement arrangements approved by management. Early retirement benefits are paid to those employees who voluntarily retire before the normal retirement date. The related benefit payments are made from the date of early retirement through the normal retirement date. The JV Group records a liability for the present value of its early retirement obligation when employees retire early.

(iv) Other long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the JV Group in respect of services provided by employees up to the reporting date.

2.19 Share-based payments

The JV Group operates an equity-settled, share-based compensation plan, under which the JV Group receives services from employees as consideration for equity instruments of the JV Co. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions;
- Including the impact of any non-vesting conditions.

At the end of each reporting period, the JV Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

2.20 Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.21 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the JV Group will comply with all attached conditions.

2.22 Provisions

Provisions are recognised when the JV 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 has been reliably estimated. Provisions are not recognised for future losses.

3. Financial risk management

This note explains the JV Group's exposure to financial risks and how these risks could affect the JV Group's future financial performance.

3.1 Financial risk factors

The JV Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk, liquidity risk and insurance risk. The directors monitor the financial risk factors of the JV Group and take measures as considered necessary from time to time to minimise such financial risks. Generally, the JV Group employs a conservative strategy regarding its risk management and has not used any derivatives or other instruments for hedging purposes.

(i) Market risk

(a) Foreign exchange risk

The JV Group operates internationally and is exposed to foreign exchange risk, primarily Renminbi ("RMB"), United States dollars ("US\$"), Japanese Yen ("JPY"), Singaporean Dollar ("SGD") and European Dollar ("EUR"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable revenue and expenditures. The risk is hedged by matching the costs and revenues in foreign currencies.

As HK\$ is pegged to US\$, management believes that the exchange rate risk for translation between HK\$ and US\$ do not have material impact to the JV Group.

Exposure

The JV Group's exposure to foreign currency risk at the end of the reporting period that were significant to the JV Group, expressed in HK dollar thousands, was as follows:

	31 December 2020			31 December 2021	
	RMB HK\$'000	JPY HK\$'000	SGD HK\$'000	RMB HK\$'000	EUR HK\$'000
Financial assets					
Cash and amounts due from banks and other financial institutions	130,172	74,810	14,203	129,312	5,009
Financial liabilities					
Trade payables and other liabilities	(733)	—	—	(4,217)	—
Amount due to related parties	(581,465)	—	—	(1,048,475)	—
Deposits from customers	(75,926)	—	—	(78,650)	—

	2022			
	RMB	JPY	SGD	EUR
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets				
Cash and amounts due from banks and other financial institutions	99,278	11	5,979	53
Trade and other receivables	450	6,518	—	—
Financial assets at FVOCI	69,537	—	—	—
Financial liabilities				
Trade payables and other liabilities	(2,214)	—	—	—
Amount due to related parties	(1,008,774)	—	—	—
Deposits from customers	(167,390)	—	—	—

Sensitivity

As shown in the table above, the JV Group is primarily exposed to changes in RMB/HK\$, JPY/HK\$, SGD/HK\$ and EUR/HK\$ exchange rates. The analysis below is performed to show the sensitivity of profit or loss to reasonable possible change in the exchange rates arises mainly from foreign currencies denominated assets and liabilities and the impact on equity after tax.

	Impact on post tax profit			Impact on equity after tax		
	31 December			31 December		
	2020	2021	2022	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
EUR/HK\$ exchange rate — increase 5% *	—	250	3	—	250	3
EUR/HK\$ exchange rate — decrease 5% *	—	(250)	(3)	—	(250)	(3)
JPY/HK\$ exchange rate — increase 5% *	3,741	—	326	3,741	—	326
JPY/HK\$ exchange rate — decrease 5% *	(3,741)	—	(326)	(3,741)	—	(326)
RMB/HK\$ exchange rate — increase 5% *	(26,398)	(50,102)	(53,933)	(26,398)	(50,102)	(50,456)
RMB/HK\$ exchange rate — decrease 5% *	26,398	50,102	53,933	26,398	50,102	50,456
SGD/HK\$ exchange rate — increase 5% *	710	—	299	710	—	299
SGD/HK\$ exchange rate — decrease 5% *	(710)	—	(299)	(710)	—	(299)

* Holding all other variables constant

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rates. The JV Group's financial assets and liabilities exposed to interest rate risk primarily are cash and amounts due from banks and other financial institutions, loans and advances to customers, investment securities measured at FVOCI and at amortised costs, deposits from customers and insurance contract liabilities. Changes in interest rate could have an impact on investment return as well as the valuation interest rate used in the calculation of the insurance contract liabilities.

The below assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represent management's assessment of a reasonably possible change in interest rate over the next twelve-month period.

Sensitivity*Banking operation*

As at 31 December 2020, 2021 and 2022, if the interest rates of bank operation's interest rate sensitive assets and liabilities had been increased/decreased by 50 basis points at the end of the year with the assumption that the fair value of variable rate and managed rate assets and liabilities are not impacted by the interest rate change and all other variables were held constant, the associated effects driven by the interest rate sensitive assets and liabilities from these changes on the JV Group's loss before income tax and equity are approximately:

Years end	Interest rate	(Increase)/ Decrease in loss before tax HK\$'000	Increase/ (Decrease) on equity HK\$'000
31 December 2020	+50 basis point	14,744	(8,541)
	-50 basis point	(14,744)	8,541
31 December 2021	+50 basis point	(34,933)	(59,227)
	-50 basis point	34,933	59,227
31 December 2022	+50 basis point	13,499	(14,346)
	-50 basis point	(13,499)	14,346

Insurance business

As at 31 December 2020, 2021 and 2022, if the interest rates had been increased/decreased by 50 basis points and all other variables were held constant, the associated effects driven by the interest rate sensitive assets and liabilities from these changes on the JV Group's loss before income tax and equity are approximately:

	31 December 2020		
	Change in interest rate	(Increase)/ Decrease in loss before tax	Increase/ (Decrease) on equity
		HK\$'000	HK\$'000
Investment in debt securities	+50 basis point	(701)	(7,636)
	-50 basis point	701	7,636
Insurance contract	+50 basis point	248	248
	-50 basis point	(250)	(250)
31 December 2021			
	Change in interest rate	(Increase)/ Decrease in loss before tax	Increase/ (Decrease) on equity
		HK\$'000	HK\$'000
Investment in debt securities	+50 basis point	(2,402)	(8,954)
	-50 basis point	2,402	8,954
Insurance contract	+50 basis point	2,135	2,135
	-50 basis point	(2,178)	(2,178)
31 December 2022			
	Change in interest rate	(Increase)/ Decrease in loss before tax	Increase/ (Decrease) on equity
		HK\$'000	HK\$'000
Investment in debt securities	+50 basis point	(3,154)	(6,786)
	-50 basis point	3,154	6,786
Insurance contract	+50 basis point	77	77
	-50 basis point	(314)	(314)

For the remaining operations, they do not have any significant interest bearing financial assets or liabilities except for cash and cash equivalents, and has not entered into any contract for interest rate hedging purposes. However, management monitors the related interest rate exposure closely and will consider hedging significant interest rate risk exposure should the need arise. Management considers that interest-rate risk exposure of the remaining operations is insignificant and thus sensitivity analysis is not presented.

(c) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market price (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The JV Group's financial asset exposed to equity price rate risk primarily are listed equity securities measured at FVPL.

The majority of the JV Group's equity investments are publicly trade in the Nasdaq.

The JV Group performed sensitivity analysis for reasonably possible movement in price with all other variables held constant.

As at 31 December 2020, 2021 and 2022, it is estimated that an increase/(decrease) of 10% in stock market price could have an impact of approximately HK\$4,341,000, HK\$3,069,000 and HK\$23,216,000 respectively (decrease)/increase on loss before tax and equity.

(ii) *Credit risk*

Risk management

Credit risk is the potential that a borrower or counterparty will fail to meet its obligations with agreed terms. Credit risk exists throughout the activities of the JV Group, including in the banking book, and both on- and off-balance sheet transactions. The credit risk exposure principally arises from investment in debt securities, lending of personal loan, commercial loan and corporate business, trade receivables from technology business and reinsurance assets and amounts due from insurance contract holders.

The JV Group has formulated a comprehensive set of policies and procedures that outlines the governance framework and appropriate credit limits to manage and monitor the credit risk that may arise from different credit portfolios in both portfolio level and individual level. The policies cover various areas including credit risk governance structure, customer selection criteria, customer acceptance criteria and post-approval monitoring. The principal objectives of such mechanism are:

- To analyze the credit risks of various credit portfolios, geographic locations of borrowers and types of loans, etc.;
- To forecast and monitor any changes in the credit rating and risk return dynamics in each credit portfolio;
- To evaluate the components and allocations of the credit portfolios regularly and make timely adjustments in case of changes in the economic environment/industry situations; and
- To implement effective capital and resources allocation over different types of credit-related activities, mainly through the re-balancing and controlling of the portfolios and the migration of the overall portfolio's credit risk hedging.

The overall credit risk is managed through a hierarchy of approval authorities of the JV Group.

The JV Group established a comprehensive monitoring process and intends to manage the risk level in the credit portfolio that aligns with the JV Group's risk appetite and identify any early warning signal of credit deterioration. Various metrics are adopted to assess and monitor the quality of credit exposure in both acquisition stage and post-approval stage. Accounts are classified into different risk levels based on their latest credit status and history. Loan facilities that miss the scheduled payment are managed separately with proper follow-up action. In addition to the condition of the customers, the quality of credit exposure may deteriorate due to adverse economic environment.

The JV Group monitors the performance of key macro-economic indicators. The JV Group also applies stress testing technique periodically to assess the vulnerability of the credit portfolio under adverse market condition. Ad hoc stress assessment will also be conducted when market seems to deteriorate.

The quality of the overall credit portfolio is assessed and monitored monthly by a few key indicators including 30 days-past-due ratio and gross credit charge-off amount in a calendar year. Senior management of the JV Group is alerted if the indicators breach the limit defined in risk appetite. Remedial action may be taken if necessary.

The JV Group also aims at holding a credit portfolio that has diversified characteristics to minimize the concentration risk. The JV Group identifies credit concentration risk by nature of products, geography, customer, counterparty and industry. The JV Group aims to pursue a diversified credit portfolio, with no concentration on a single customer and industry.

Expected credit loss ("ECL") measurement

As explained in note 2.9(iii), the JV Group assesses on a forward looking basis the ECL associated with its cash and amounts due from banks and other financial institutions, loans and advances to customers including commitments, investment securities measured at FVOCI, investment securities measured at amortised cost and trade and other receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Under HKFRS 9, ECL exposures are classified into three stages:

- Stage 1 applies when there is no significant increase in credit risk since initial recognition. 12-month ECL is required for assets classified in stage 1.
- Stage 2 applies when a significant increase in credit risk has occurred on an individual or collective basis since initial recognition, with no objective evidence of credit event. Lifetime ECL calculation is required for assets classified in stage 2.
- Stage 3 applies when there is objective evidence of credit impairment. Lifetime ECL calculation is required for assets classified in stage 3.

Significant credit deterioration criteria have to be defined for assessing significant increases in credit risk, primarily based on the key requirements summarised below:

- Risk of default occurring at reporting time is compared against that of initial recognition
- Days past due exceeds 30 days
- Credit exhibits a deterioration in repayment ability
- Number of notch downgraded three notches or more
- when the borrower is reported as Special Mention according to the loan classification of the Hong Kong Monetary Authority ("HKMA"). The decision to classify the loans is based on the borrower's repayment ability and likelihood of individual counterparties defaulting.

When a financial instrument has objective evidence of impairment, such as default (considered to be default if it is 90 days past due), debt restructuring, inability of obtaining full repayment of principal on due date, bankruptcy of borrowers, it is classified as stage 3 exposure. Discounted cash flows model is conducted to estimate the expected credit loss of such exposures.

Calculation of ECL

The JV Group has adopted to use the statistical model approach, under which ECL is calculated as a function of probability of default ("PD"), loss given default ("LGD"), exposure at default ("EAD") and expected life. To recognise ECL for financial instruments and incorporate forward-looking elements into the model, historical, current and forward-looking data are used in ECL calculation model.

Point-in-Time (“PiT”) PD is adopted in the ECL estimation. The JV Group took into account both qualitative and quantitative criteria while determining the approach for each product type.

LGD measures the loss severity in case of default, i.e. how much the JV Group expects to lose as a percentage of EAD when an account goes into default. It considers both secured portion and unsecured portion of the facility.

EAD is the amount that an entity is exposed to at the time of a loan’s default. Financial assets measured at amortized cost, fair value through other comprehensive income, loan commitment and financial guarantee contract are subject to impairment under HKFRS 9. The JV Group categorised these exposures into: 1) On-balance sheet financial assets; 2) Undrawn exposures, which can be further separated into i) Irrevocable; ii) Revocable retail; and iii) Revocable non-retail. The value of credit conversion factor (“CCF”) reflects the expected amount of undrawn amount to be drawn. The JV Group uses regulatory CCF, i.e. 50% and adjusted by internal loss experience and expert judgment if available. For syndicated loan, due to expert judgement towards its committed nature, a higher CCF is expected and thus CCF of 100% is adopted.

From time to time, the JV Group has established three macroeconomic scenarios for the ECL estimation. In the uncertain macroeconomic outlook, more weight is placed on a downside scenario. The JV Group continues to revisit and validate these macroeconomic scenarios in response to the changes of macro-environment. The final ECL is the probability weight-average result of these scenarios discounted to the date of the statement of financial position. The discount rate used is the effective interest rate.

For trade receivables, the JV Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Other receivables are measured as either 12 months expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. In making this assessment, the JV Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available.

Incorporation of forward-looking information into the ECL models

HKFRS 9 requires an estimate of forward-looking ECL which is typically obtained through the use of forecasted macroeconomic factors (“MEFs”).

The JV Group has developed three scenarios for macro-economic factors:

Scenario	Underlying assumptions of the scenario
Base	The base scenario is based on a set of macroeconomic forecasts which formulate a “base case” view of the most probable future direction of relevant economic variables.
Good	This scenario is determined by making reference to the “base” scenario and reflects positive uncertainties by incorporating upside variations to the “base” scenario macroeconomic forecasts.
Bad	This scenario is determined by making reference to the “base” scenario and reflects negative uncertainties by incorporating downside variations to the “base” scenario macroeconomic forecasts.

The JV Group has considered the current economic performance, the market forecast and the management judgment on the economic outlook and assigned probability weighting to Good, Bad and Base Scenarios:

	As at 31 December		
	2020	2021	2022
Good	0%	5%	15%
Bad	30%	50%	40%
Base	70%	45%	45%

At 31 December 2020

The significant assumptions used for ECL estimations for the retail exposure are as follows:

	Scenario	2021 Forward- looking (Year end)	5 years' average (2021-2025)
Hong Kong Forecast Factors			
Hong Kong Unemployment Rate (%)	Good	3.15	2.96
	Base	3.46	3.12
	Bad	4.90	3.96
Property Price Index - Private Retail (Base Year: 1999)			
	Good	272.08	297.37
	Base	255.94	276.15
	Bad	217.12	239.75

The significant assumptions used for ECL estimations for the wholesale exposure are as follows:

	Scenario	2021 Forward- looking (Year end)	5 years' average (2021-2025)
Hong Kong Forecast Factors			
Real Gross Domestic Product Growth Rate (%)	Good	10.87	4.23
	Base	7.48	3.52
	Bad	-2.38	2.75
Hong Kong Industrial Production:			
Manufacturing Index (Base Year: 2010)	Good	98.86	102.26
	Base	98.05	101.21
	Bad	95.66	99.18
Change in Hong Kong General Government			
Balance to GDP Ratio (%)	Good	1.31	2.11
	Base	0.61	1.73
	Bad	-1.29	0.56

	Scenario	2021	
		Forward-looking (Year end)	5 years' average (2021-2025)
Mainland China Forecast Factors			
China Government Expenditure, Total (CNY Billion)	Good	29,555.64	35,127.24
	Base	28,526.15	33,743.40
	Bad	25,851.96	31,005.70
China Unemployment Rate (%)	Good	3.32	3.67
	Base	3.73	3.91
	Bad	5.05	4.65

At 31 December 2021

The significant assumptions used for ECL estimations for the retail exposure are as follows:

	Scenario	2022	
		Forward-looking (Year end)	5 years' average (2022-2026)
Hong Kong Forecast Factors			
Hong Kong Unemployment Rate (%)	Good	3.81	3.39
	Base	4.32	3.70
	Bad	5.76	4.57
Property Price Index - Private Retail (Base Year: 1999)	Good	580.14	618.81
	Base	555.02	584.88
	Bad	481.59	520.21

The significant assumptions used for ECL estimations for the wholesale exposure are as follows:

	Scenario	2022	5 years'
		Forward-looking (Year end)	average (2022-2026)
Hong Kong Forecast Factors			
Real Gross Domestic Product Growth Rate (%)	Good	3.72	2.58
	Base	1.19	1.90
	Bad	-5.70	1.10
Hong Kong Industrial Production: Manufacturing Index (Base Year: 2010)	Good	106.18	108.25
	Base	104.63	106.25
	Bad	100.17	101.95
Change in Hong Kong General Government Balance to GDP Ratio (%)	Good	4.28	4.86
	Base	3.67	4.35
	Bad	-0.94	2.03
Mainland China Forecast Factors			
China Government Expenditure, Total (CNY Billion)	Good	28,419.41	32,430.69
	Base	27,429.50	31,154.08
	Bad	24,858.11	28,611.98
China Unemployment Rate (%)	Good	3.57	3.71
	Base	3.96	4.00
	Bad	4.82	4.79

At 31 December 2022

The significant assumptions used for ECL estimations for the retail exposure are as follows:

		2023	
	Scenario	Forward- looking (Year end)	5 years' average (2023-2027)
Hong Kong Forecast Factors			
Hong Kong Unemployment Rate (%)	Good	3.21	3.16
	Base	3.74	3.48
	Bad	5.17	4.35
Property Price Index - Private Retail (Base Year: 1999)	Good	573.00	661.17
	Base	543.66	627.86
	Bad	458.76	546.33

The significant assumptions used for ECL estimations for the wholesale exposure are as follows:

		2023	
	Scenario	Forward- looking (Year end)	5 years' average (2023-2027)
Hong Kong Forecast Factors			
Real Gross Domestic Product Growth Rate (%)	Good	6.40	3.14
	Base	4.74	2.54
	Bad	-1.74	1.36
Hong Kong Industrial Production: Manufacturing Index (Base Year: 2010)	Good	129.63	127.83
	Base	116.69	117.58
	Bad	82.04	94.23
Change in Hong Kong General Government Balance to GDP Ratio (%)	Good	3.40	1.31
	Base	2.83	0.78
	Bad	-2.89	-2.41

	Scenario	2023	
		Forward-looking (Year end)	5 years' average (2023-2027)
Mainland China Forecast Factors			
China Government Expenditure, Total (CNY Billion)	Good	26,702.86	32,541.24
	Base	29,355.42	32,671.26
	Bad	30,164.73	31,565.71
China Unemployment Rate (%)	Good	3.55	3.72
	Base	4.00	4.01
	Bad	5.03	4.78

Management Overlay

The JV Group has applied the management overlay as at 31 December 2021 to supplement the limitation of modelling approach and the data availability and to take into account the potential credit deterioration of exposures in certain industry impacted by the macro-events. The amount of the management overlay represented 0.23% of debt securities portfolio and such amount is not significant to the ECL estimations. The JV Group did not apply any management overlay as at 31 December 2020 and 2022.

Sensitivity analysis

As at 31 December 2020, 2021 and 2022, sensitivity analysis is conducted for the impact of impairment allowance results against the forward-looking macroeconomic variables on the basis that (i) Good scenario weight increases by 10% and Base scenario weight is lowered by 10%; (ii) Bad scenario weight increases by 10% and Base scenario weight is lowered by 10%; as follows:

	31 December 2020 HK\$'000	31 December 2021 HK\$'000	31 December 2022 HK\$'000
Good +10% and Base -10%	(329)	(427)	(483)
Bad +10% and Base -10%	1,778	1,821	3,349

Credit Risk Grading

In order to fulfil the requirements of probability weighted forward-looking ECL, PiT PD is adopted in the ECL estimation. The JV Group took into account both qualitative and quantitative criteria while determining the approach for each product type. Two approaches were developed to capture the specific risk characteristics of products for the year ended 31 December 2020 and 2021, and three approaches were developed to capture the specific risk characteristics of products for the year ended 31 December 2022.

Exposure other than retail loans and commercial loans:

The principle of risk factor approach is to convert through-the-cycle ("TTC") PD, i.e. historical long-term average transition matrix, to PiT PD, i.e. transition matrix in a particular year reflecting the current economic situation at that time.

- Z risk factor approach for treasury investments and corporate loans: Due to insufficient internal default data, the JV Group built the PD model using external credit data i.e. transition matrix for non-retail portfolios.

Retail loans:

Based on external aggregated default data, point in time PD for each rating is calculated.

- Default curve extrapolation approach: Due to insufficient internal data in personal instalment loans, the JV Group leveraged the aggregated instalment loan default rate data by rating and developed the PD model using the curve extrapolation approach for unsecured personal loans.

Commercial loans:

Moody's off-the-shelf PIT PD Converter and GCorr Macro model are applied in commercial loans. They provide model estimation by region and industry in point-in-time and forward-looking adjustment, the data used are specific and applicable to instruments within specific country and industry.

Write-off policy

The JV Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

The JV Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the years ended 31 December 2020, 2021 and 2022 were nil, approximately HK\$1,914,000 and HK\$16,101,000 respectively. The JV Group still seeks to recover amounts it is legally owned in full, but which have been partially written off due to no reasonable expectation of full recovery.

Credit risk exposure

As at 31 December 2020, 2021 and 2022, credit risk arises mainly from cash and amounts due from bank and other financial institutions, loans and advances to customers including commitments, investment securities measured at FVOCI, investment securities measured at amortised cost and trade and other receivables.

Maximum exposure to credit risk before collateral held or other credit enhancements

The following tables contain analysis of the credit risk exposure of financial instruments. The gross carrying amount/exposure of financial assets below also represents the JV Group's maximum exposure to credit risk on these assets.

Financial assets subject to impairment

At 31 December 2020

	Gross carrying amount/exposure			Total HK\$'000	ECL allowance HK\$'000	Net HK\$'000
	Pass HK\$'000	Special mention HK\$'000	Sub- standard or below HK\$'000			
Loans and advances to customers						
-Stage 1	682,396	—	—	682,396	(7,756)	674,640
-Stage 2	—	331	—	331	(92)	239
-Stage 3	—	—	771	771	(771)	—
Financial assets at FVOCI						
-Stage 1	5,036,272	—	—	5,036,272	(5,505)	5,030,767
-Stage 2	—	—	—	—	—	—
-Stage 3	—	—	—	—	—	—
Investment in debt securities at amortised costs						
-Stage 1	298,488	—	—	298,488	(144)	298,344
-Stage 2	—	—	—	—	—	—
-Stage 3	—	—	—	—	—	—
Cash and amounts due from banks and other financial institutions						
-Stage 1	3,021,741	—	—	3,021,741	(334)	3,021,407
-Stage 2	—	—	—	—	—	—
-Stage 3	—	—	—	—	—	—
Credit commitments						
-Stage 1	30,000	—	—	30,000	(45)	29,955
-Stage 2	—	—	—	—	—	—
-Stage 3	—	—	—	—	—	—
Trade and other receivables						
-Stage 1	108,173	—	—	108,173	—	108,173
-Stage 2	—	—	—	—	—	—
-Stage 3	—	—	—	—	—	—
Total	9,177,070	331	771	9,178,172	(14,647)	9,163,525

At 31 December 2021

	Gross carrying amount/exposure			Total HK\$'000	ECL allowance HK\$'000	Net HK\$'000
	Pass HK\$'000	Special mention HK\$'000	Sub- standard or below HK\$'000			
Loans and advances to customers						
-Stage 1	2,545,368	—	—	2,545,368	(29,733)	2,515,635
-Stage 2	—	944	—	944	(246)	698
-Stage 3	—	—	4,685	4,685	(4,685)	—
Financial assets at FVOCI						
-Stage 1	5,199,836	—	—	5,199,836	(2,107)	5,197,729
-Stage 2	—	39,303	—	39,303	(15,564)	23,739
-Stage 3	—	—	—	—	—	—
Investment in debt securities at amortised costs						
-Stage 1	251,992	—	—	251,992	(149)	251,843
-Stage 2	—	20,427	—	20,427	(8,773)	11,654
-Stage 3	—	—	—	—	—	—
Cash and amounts due from banks and other financial institutions						
-Stage 1	3,104,212	—	—	3,104,212	(117)	3,104,095
-Stage 2	—	—	—	—	—	—
-Stage 3	—	—	—	—	—	—
Credit commitments						
-Stage 1	189,137	—	—	189,137	(756)	188,381
-Stage 2	—	—	—	—	—	—
-Stage 3	—	—	—	—	—	—
Trade and other receivables						
-Stage 1	201,432	—	—	201,432	—	201,432
-Stage 2	—	—	—	—	—	—
-Stage 3	—	—	—	—	—	—
Total	11,491,977	60,674	4,685	11,557,336	(62,130)	11,495,206

At 31 December 2022

	Gross carrying amount/exposure			Total HK\$'000	ECL allowance HK\$'000	Net HK\$'000
	Pass HK\$'000	Special mention HK\$'000	Sub- standard or below HK\$'000			
Loans and advances to customers						
-Stage 1	4,784,567	—	—	4,784,567	(35,780)	4,748,787
-Stage 2	—	143,361	—	143,361	(5,078)	138,283
-Stage 3	—	—	6,588	6,588	(6,588)	—
Financial assets at FVOCI						
-Stage 1	6,164,409	—	—	6,164,409	(6,618)	6,157,791
-Stage 2	—	53,232	—	53,232	(378)	52,854
-Stage 3	—	—	38,988	38,988	(31,190)	7,798
Investment in debt securities at amortised costs						
-Stage 1	169,796	—	—	169,796	(116)	169,680
-Stage 2	—	20,385	—	20,385	(7,794)	12,591
-Stage 3	—	—	21,317	21,317	(15,086)	6,231
Cash and amounts due from banks and other financial institutions						
-Stage 1	1,387,245	—	—	1,387,245	(5)	1,387,240
-Stage 2	—	—	—	—	—	—
-Stage 3	—	—	—	—	—	—
Credit commitments						
-Stage 1	330,575	—	—	330,575	(1,001)	329,574
-Stage 2	—	14,563	—	14,563	(478)	14,085
-Stage 3	—	—	56	56	—	56
Trade and other receivables						
-Stage 1	219,933	—	—	219,933	—	219,933
-Stage 2	—	—	—	—	—	—
-Stage 3	—	—	—	—	—	—
Total	13,056,525	231,541	66,949	13,355,015	(110,112)	13,244,903

Collateral and other credit enhancements

The JV Group employs a range of policies and practices to mitigate credit risk. The most common of these methods is the taking of collateral for funds advanced. The JV Group has internal guidelines on the acceptability of specific classes of collateral for credit risk mitigation. Guideline is in place to govern the management of collateral acceptable by the JV Group and the guideline is reviewed periodically.

The JV Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Mortgages over properties;
- Charges over land; and
- Charges over bank deposits.

In addition to the above, the JV Group will also seek for guarantee where appropriate. To minimise credit loss, the JV Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances which are partially secured or unsecured.

As of 31 December 2020, 2021 and 2022, all the impaired loans and advances are not covered by collateral. For the exposures of balances with central banks, placements with and advances to banks and investment securities measured at FVOCI, it is typically unsecured and uncollateralized. For loans and advances to customers as of 31 December 2020, 2021 and 2022, nil, 13.1% and 36.4% of the exposures are covered by collateral and other security, respectively.

Credit risk of insurance business

Credit risk of reinsurance assets is the risk that the JV Group may suffer from the loss due to the default of reinsurer. The risk is regularly monitored by Reinsurance Committee to observe the credit rating and the solvency position of the reinsurer(s). The credit risk exposure from reinsurance assets is assessed to be insignificant to the JV Group.

Credit risk of technology business

Management considers the expected loss rate on the trade and other receivables to be close to zero as the counterparties are generally with good credit standing and that the receivables are short-term. There was no observable loss in respect of these receivables in the past two years.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Loans and advances to customers

	Stage 1 12-month ECL <i>HK\$'000</i>	Stage 2 Lifetime ECL <i>HK\$'000</i>	Stage 3 Lifetime ECL <i>HK\$'000</i>	Total <i>HK\$'000</i>
Loss allowance as at 1 January 2020	—	—	—	—
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(72)	72	—	—
Transfer to Stage 3	(160)	—	160	—
Changes in ECL from financial assets originated, purchased, derecognized and model parameters change	<u>7,989</u>	<u>21</u>	<u>609</u>	<u>8,619</u>
Loss allowance as at 31 December 2020 and 1 January 2021	7,757	93	769	8,619
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(160)	160	—	—
Transfer to Stage 3	(745)	—	745	—
Changes in ECL from financial assets originated, purchased, derecognized and model parameters change	22,881	(7)	5,018	27,892
Write-offs	—	—	(1,914)	(1,914)
Recoveries	—	—	67	67
Loss allowance as at 31 December 2021 and 1 January 2022	29,733	246	4,685	34,664
Transfer to Stage 1	88	(88)	—	—
Transfer to Stage 2	(630)	630	—	—
Transfer to Stage 3	(12,469)	(3)	12,472	—
Changes in ECL from financial assets originated, purchased, derecognized and model parameters change	19,058	4,293	4,993	28,344
Write-offs	—	—	(16,101)	(16,101)
Recoveries	—	—	539	539
Loss allowance as at 31 December 2022	<u><u>35,780</u></u>	<u><u>5,078</u></u>	<u><u>6,588</u></u>	<u><u>47,446</u></u>

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Treasury investments

	Stage 1 12-month ECL <i>HK\$'000</i>	Stage 2 Lifetime ECL <i>HK\$'000</i>	Stage 3 Lifetime ECL <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2020	1	—	—	1
Changes in ECL from financial assets originated, purchased, derecognized and model parameters change	<u>5,648</u>	<u>—</u>	<u>—</u>	<u>5,648</u>
As at 31 December 2020 and 1 January 2021	5,649	—	—	5,649
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(2,284)	2,284	—	—
Transfer to Stage 3	—	—	—	—
Changes in ECL from financial assets originated, purchased, derecognized and model parameters change	<u>(1,109)</u>	<u>22,053</u>	<u>—</u>	<u>20,944</u>
As at 31 December 2021 and 1 January 2022	2,256	24,337	—	26,593
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(138)	138	—	—
Transfer to Stage 3	—	(24,338)	24,338	—
Changes in ECL from financial assets originated, purchased, derecognized and model parameters change	<u>4,616</u>	<u>8,035</u>	<u>21,938</u>	<u>34,589</u>
As at 31 December 2022	<u><u>6,734</u></u>	<u><u>8,172</u></u>	<u><u>46,276</u></u>	<u><u>61,182</u></u>

For the purpose of this disclosure, ECL of financial assets measured at FVOCI is included in loss allowance.

The following tables explain the changes in the gross exposure (gross carrying amount or exposure) between the beginning and the end of the annual period due to these factors:

Loans and advances to customers

	Stage 1 Gross exposure HK\$'000	Stage 2 Gross exposure HK\$'000	Stage 3 Gross exposure HK\$'000	Total HK\$'000
As at 1 January 2020	—	—	—	—
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(331)	331	—	—
Transfer to Stage 3	(771)	—	771	—
Net change in exposures	<u>683,498</u>	<u>—</u>	<u>—</u>	<u>683,498</u>
As at 31 December 2020 and 1 January 2021	682,396	331	771	683,498
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(1,010)	1,010	—	—
Transfer to Stage 3	(6,707)	—	6,707	—
Net change in exposures	1,870,689	(397)	(879)	1,869,413
Write-offs	<u>—</u>	<u>—</u>	<u>(1,914)</u>	<u>(1,914)</u>
As at 31 December 2021 and 1 January 2022	2,545,368	944	4,685	2,550,997
Transfer to Stage 1	262	(262)	—	—
Transfer to Stage 2	(142,192)	142,192	—	—
Transfer to Stage 3	(20,765)	(11)	20,776	—
Net change in exposures	2,401,894	498	(2,772)	2,399,620
Write-offs	<u>—</u>	<u>—</u>	<u>(16,101)</u>	<u>(16,101)</u>
As at 31 December 2022	<u><u>4,784,567</u></u>	<u><u>143,361</u></u>	<u><u>6,588</u></u>	<u><u>4,934,516</u></u>

The following tables explain the changes in the gross exposure (gross carrying amount or exposure) between the beginning and the end of the annual period due to these factors:

Treasury investments

	Stage 1 Gross exposure HK\$'000	Stage 2 Gross exposure HK\$'000	Stage 3 Gross exposure HK\$'000	Total HK\$'000
As at 1 January 2020	99,913	—	—	99,913
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	—	—	—	—
Transfer to Stage 3	—	—	—	—
Net change in exposures	<u>5,234,847</u>	<u>—</u>	<u>—</u>	<u>5,234,847</u>
As at 31 December 2020 and 1 January 2021	5,334,760	—	—	5,334,760
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(59,730)	59,730	—	—
Transfer to Stage 3	—	—	—	—
Net change in exposures	<u>176,798</u>	<u>—</u>	<u>—</u>	<u>176,798</u>
As at 31 December 2021 and 1 January 2022	5,451,828	59,730	—	5,511,558
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(73,940)	73,940	—	—
Transfer to Stage 3	—	(59,415)	59,415	—
Net change in exposures	<u>956,317</u>	<u>(638)</u>	<u>890</u>	<u>956,569</u>
As at 31 December 2022	<u>6,334,205</u>	<u>73,617</u>	<u>60,305</u>	<u>6,468,127</u>

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, and/or the availability of funding through an adequate amount of funding from ZhongAn Technology to meet obligations when due. At 31 December 2020, 2021 and 2022, the JV Group held deposits at call of approximately HK\$3,042,928,000, HK\$3,104,095,000 and HK\$1,387,240,000 respectively that are expected to readily generate cash inflows for managing liquidity risk.

The JV Group seeks to manage its liquidity risk by matching, to the extent possible, the duration of its investment assets with the duration of its insurance products and ensuring that the JV Group is able to meet its payment obligations and fund its lending and investment operations on a timely basis.

The following policies and procedures are in place to mitigate the JV Group's exposure to liquidity risk:

- Implementing liquidity risk policy by setting out the assessment and determination of what constitutes liquidity risk for the JV Group. Compliance with the policy is monitored and exposures and breaches are reported to the JV Group's risk management committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Setting out guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure that sufficient funding is available to meet insurance contract obligations.
- Setting up contingency funding plans which specify the minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

Maturity analysis

The tables below analyse the JV Group's financial liabilities into relevant maturity groupings based on their contractual dates, where applicable, the earliest callable date.

The amounts disclosed in the following table are the contractual undiscounted cash flows of non-derivative financial liabilities. Except lease liabilities and deposits from customers, balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	6 months or less <i>HK\$'000</i>	1 year or less but over 6 months <i>HK\$'000</i>	Over 1 year <i>HK\$'000</i>	Total contractual cash flows <i>HK\$'000</i>	Carrying amount liabilities <i>HK\$'000</i>
At 31 December 2020					
Trade payables and other liabilities	171,961	—	—	171,961	171,961
Amount due to related parties	593,113	—	—	593,113	593,113
Reinsurance premium payables	330	—	—	330	330
Deposits from customers	6,010,986	5,268	—	6,016,254	6,012,613
Lease liabilities	5,242	4,888	6,223	16,353	16,723
Total	<u>6,781,632</u>	<u>10,156</u>	<u>6,223</u>	<u>6,798,011</u>	<u>6,794,740</u>
At 31 December 2021					
Trade payables and other liabilities	361,992	—	—	361,992	361,992
Amount due to related parties	1,060,324	—	—	1,060,324	1,060,324
Reinsurance premium payables	1,497	—	—	1,497	1,497
Deposits from customers	7,054,696	12,498	—	7,067,194	6,967,176
Lease liabilities	6,171	4,797	2,356	13,324	12,422
Total	<u>8,484,680</u>	<u>17,295</u>	<u>2,356</u>	<u>8,504,331</u>	<u>8,403,411</u>
At 31 December 2022					
Trade payables and other liabilities	424,047	—	—	424,047	424,047
Amount due to related parties	1,026,566	—	—	1,026,566	1,026,566
Reinsurance premium payables	8,614	—	—	8,614	8,614
Deposits from customers	8,690,786	537,606	—	9,228,392	9,171,742
Lease liabilities	16,491	15,099	72,800	104,390	96,711
Total	<u>10,166,504</u>	<u>552,705</u>	<u>72,800</u>	<u>10,792,009</u>	<u>10,727,680</u>

The amounts disclosed in the following table are the contractual undiscounted cash inflows of derivative financial liabilities. There are no cash outflows for the derivative financial liabilities.

At 31 December 2022

Derivatives

Financial liability at FVPL	<u>—</u>	<u>389,842</u>	<u>—</u>	<u>389,842</u>	<u>72,062</u>
-----------------------------	----------	----------------	----------	----------------	---------------

(iv) Insurance risk

The JV Group is in the business of insuring against the risk of mortality, morbidity, accidents and related risks. The JV Group ensure all risks identified and systematically managed and the principal risks are summarised below:

Mortality risk is the risk of loss that the occurrence/amounts of death claims are higher than the assumptions made in insurance liabilities.

Morbidity risk is the risk of loss that the occurrence/amounts of non-death claims are higher than the assumptions made in insurance liabilities.

Expense risk is the risk of loss that the cost of writing new business and managing the in-force book exceeds the assumptions made in insurance liabilities.

Lapse risk is the risk that the ratio of policy termination is different from the expected. Below sensitivity analysis is based on a change in the following assumption while holding all other assumptions constant.

	Assumption change	(Increase)/ decrease in loss before tax	(Decrease)/ increase in equity
31 December 2020			
Mortality	Increase 10%	(292)	(292)
	Decrease 10%	286	286
Morbidity	Increase 10%	(1,689)	(1,689)
	Decrease 10%	1,365	1,365
Expense	Increase 10%	(5,007)	(5,007)
	Decrease 10%	5,001	5,001
Lapse rate	Increase 10%	1,154	1,154
	Decrease 10%	(1,021)	(1,021)
	Assumption change	(Increase)/ decrease in loss before tax	(Decrease)/ increase in equity
31 December 2021			
Mortality	Increase 10%	(78)	(78)
	Decrease 10%	75	75
Morbidity	Increase 10%	(127)	(127)
	Decrease 10%	106	106
Expense	Increase 10%	(7,465)	(7,465)
	Decrease 10%	7,443	7,443
Lapse rate	Increase 10%	(2,770)	(2,770)
	Decrease 10%	2,917	2,917

31 December 2022	Assumption change	(Increase)/ decrease in loss before tax	(Decrease)/ increase in equity
Mortality	Increase 10%	(126)	(126)
	Decrease 10%	119	119
Morbidity	Increase 10%	(155)	(155)
	Decrease 10%	134	134
Expense	Increase 10%	(8,922)	(8,922)
	Decrease 10%	8,902	8,902
Lapse rate	Increase 10%	(4,318)	(4,318)
	Decrease 10%	4,614	4,614

Mitigate risks through underwriting strategy and reinsurance arrangement

With the assistance of reinsurer, the JV Group is in reinsurance arrangement with Hannover Re to transfer out 60-80% of mortality and morbidity risks in quota share basis, with a cap of our retention limit as HK\$1,000,000 per life and nil for Voluntary Health Insurance Scheme.

The JV Group also adheres to market-oriented underwriting and claims practices that have been developed based on the extensive development efforts.

Asset and liability matching

The JV Group is exposed to potential financial impact from changes in the value of assets and liabilities. Adverse market changes will affect the JV Group's overall solvency position and financial conditions. There is a robust framework to identify, monitor and manage the market risks, and the subsequent impact on the financial position of the JV Group. The main objective of Investment/Asset and Liability Management Committee ("I/ALCO") is to ensure the JV Group's current asset portfolio allocation is able to meet its liability and customers' reasonable expectation.

3.2 Capital management

The JV Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the JV Group consists share capital and redeemable preference shares. In order to maintain or adjust the capital structure, the JV Group will consider the macro economic conditions and adequacy of cash flows generating from operations and may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares.

Capital management of banking operation

The Bank established the Capital Management Policy that outlines the governance structure and the capital management framework according to HKMA Supervisory Policy Manual ("SPM") on "Overview of Capital Adequacy Regime for Locally Incorporated Authorized Institutions" ("CA-G-1") and "Supervisory Review Process" ("CA-G-5"). Under the regulatory framework in Hong Kong, the Banking Subsidiary is required to meet three capital ratios, namely, the Common Equity Tier 1 capital, Tier 1 capital and Total capital respectively against risk-weighted assets. The objective of policy is to maintain a strong capital position to support the strategy of the banking business and serve as a buffer to absorb losses.

The Bank implements a hierarchy of authorities to manage the capital position. The board of directors oversees the effectiveness of the Banking Subsidiary's capital framework and ensures an appropriate organization structure for capital management.

Treasury department coordinates with the Asset and Liability Management ("ALM") team from Finance department to implement the capital management strategy. Treasury Department is responsible for maintaining sufficient capital level which complies with the Capital Adequacy Ratio ("CAR") while retaining flexibility to take advantage of future investment opportunities. ALM team is responsible for monitoring CAR and different capital limits, including common equity tier 1 ratio, tier 1 capital ratio, total capital ratio and leverage ratio and performing independent assessment on the Bank's capital management activities and monitoring capital position. Finance department is responsible for reporting the limits utilization and any limit breaches to senior management. Finance department and treasury department report to the Asset and Liability Committee ("ALCO") in relation to the monitoring of capital management.

The Bank defines a clear framework to assess and monitor the adequacy of the internal capital level, the Bank meets these objectives through the establishment of internal minimum capital requirements and a strong capital management governance framework.

Capital management of insurance business

The objective of the insurance business when managing capital is to comply with capital requirements specified in the Insurance Ordinance and to safeguard the ability to continue as a going concern so that can continue to provide returns for shareholders and benefits for other stakeholder by pricing insurance contracts which commensurate with the level of risk.

The JV Group was fully in compliance with required capital requirement defined by the Insurance Companies (Margin of Solvency) Rule. The table below summarises the minimum required capital and net surplus.

	2020	2021	2022
Available capital	811,406	722,929	585,855
Solvency margin	5,032	18,514	26,438
Solvency margin ratio (%)	16,124	3,905	2,216

3.3 Fair value estimation

(i) Financial assets and liabilities

Fair value hierarchy

The following table presents the carrying value of the JV Group's financial assets recognised at fair value on a recurring basis, classified according to the fair value hierarchy.

Recurring fair value measurements

	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2020				
Financial assets at FVOCI	—	5,036,151	—	5,036,151
Financial assets at FVPL	99,077	34,101	—	133,178
Total financial assets	<u>99,077</u>	<u>5,070,252</u>	<u>—</u>	<u>5,169,329</u>
As at 31 December 2021				
Financial assets at FVOCI	—	5,589,985	—	5,589,985
Financial assets at FVPL	89,027	136,812	—	225,839
Total financial assets	<u>89,027</u>	<u>5,726,797</u>	<u>—</u>	<u>5,815,824</u>
As at 31 December 2022				
Financial assets at FVOCI	—	5,863,226	—	5,863,226
Financial assets at FVPL	555,249	396,373	—	951,622
Total financial assets	<u>555,249</u>	<u>6,259,599</u>	<u>—</u>	<u>6,814,848</u>
Financial liability at FVPL	—	—	72,062	72,062
Total financial liability	<u>—</u>	<u>—</u>	<u>72,062</u>	<u>72,062</u>

The JV Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the JV Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. For debt securities which are valued based on observable broker quotation, the resulting fair value estimates are included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. As at 31 December 2022 the fair value of financial liability at FVPL is determined by the valuation performed by management using Black-Scholes model.

Details of the valuation technique and unobservable input are disclosed in the page below.

The movements in financial instrument included in level 3 are as follows:

	<i>HK\$'000</i>
At 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021 and 1 January 2022	—
Addition	29,936
Fair value loss recognised in profit or loss	<u>42,126</u>
At 31 December 2022	<u><u>72,062</u></u>

The valuation technique and inputs used in the fair value measurements within Level 3 are summarised as follows:

Financial instruments	Fair value at 31 December		Valuation techniques	Significant unobservable inputs	Range of significant unobservable inputs			Relationship of unobservable inputs to fair value
	2020	2021			2022	2020	2021	
Financial liability at FVPL	—	—	72,062 Black-Scholes model	Share price	—	—	5.148	Increased share price would increase the fair value of the financial liability at FVPL
				Annualised volatility	—	—	45%	Increased volatility would increase the fair value of the financial liability at FVPL

There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

(ii) Fair value of financial assets and financial liabilities not carried at fair value

For financial assets and financial liabilities not carried at fair value on the Historical Financial Information, the JV Group has ascertained that their fair values were the reasonable approximation of the carrying amounts at year end due to short-term nature. The carrying amounts of the JV Group's financial instruments carried amortised cost are not materially different from their values as at 31 December 2020, 2021 and 2022 except for the following financial instruments, for which their carrying amount and fair value and the level of fair value hierarchy are disclosed below:

	Carrying amount <i>HK\$'000</i>	Fair value <i>HK\$'000</i>	Fair measurements as at 31 December 2020 categorised into		
			Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>
Financial asset at amortised cost					
- Debt securities	298,344	304,365	—	304,365	—

	Carrying amount <i>HK\$'000</i>	Fair value <i>HK\$'000</i>	Fair measurements as at 31 December 2021 categorised into		
			Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>
Financial asset at amortised cost					
- Debt securities	263,497	261,895	—	261,895	—

	Carrying amount <i>HK\$'000</i>	Fair value <i>HK\$'000</i>	Fair measurements as at 31 December 2022 categorised into		
			Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>
Financial asset at amortised cost					
- Debt securities	188,502	159,326	—	159,326	—

4. Critical estimates and judgements

The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the JV Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Estimate of future cash flows related to insurance contracts

In determining the insurance contract liabilities, the JV Group follows the Insurance (Determination of Long Term Liabilities) Rules and makes prudent assumptions which include appropriate margins for adverse deviation of the relevant factors. Estimates are made as to the expected number of deaths for each of the years in which the JV Group is exposed to risk. The JV Group bases mortality estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the JV Group's own experience. The estimated number of deaths plus an additional layer of prudence determines the value of the benefit payments and the value of the valuation premiums. The JV Group bases morbidity estimates on relevant industry experience, adjusted where appropriate to reflect the JV Group's own experience. The main source of uncertainty lies in the emerging trends of future population mortality and morbidity. The JV Group has exposure to both mortality and morbidity risk.

Estimates are also made as to future investment income arising from the assets backing long term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

In expense provision, the expense projection is estimated based on the planned expense in annual business plan, which covers both the current products and the future potential products. In accordance with Section 12 of Cap41E Insurance Ordinance, the estimated expenses also take into account any adjustment, e.g. removal of potential future acquisition related expenses, if the insurers were to cease to transact new business 12 months after the valuation date.

The cashflow under the stressed scenarios for resilience reserve is estimated based on the same methodology as the base scenario. The resilience reserve is determined as the difference between the insurance contract liabilities under the stressed scenarios and that in the base scenario with prudent provision. The stressed scenarios are set up depends on the degree of change in interest rate and equity assumed.

The JV Group selects its key assumptions and performed sensitivity analysis through a prudent approach and to reflect the actual experience development. These assumptions are reviewed on an annual basis to ensure the assumptions used meet relevant regulatory requirement and the liabilities remain adequate.

(b) Product classification

The JV Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant risk, while investment contracts are those contracts without significant insurance risk. The JV Group exercises significant judgement to determine whether there is a scenario (other than those lacking commercial substance) in which an insured event would require the JV Group to pay significant additional benefits to its customers. In the event the JV Group has to pay significant additional benefits to its customers, the contract is accounted for as an insurance contract.

The judgements exercised in determining the level of insurance risk in product classification affect the amounts recognised in the financial statements as insurance or investment contract liabilities.

(c) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The JV Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the JV Group's past history existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in note 3.1 (ii).

(d) Income taxes and deferred taxations

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management consider it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the year in which such estimate is changed.

(e) Incentives

As disclosed in note 2.17, the Bank has reward programs on its debit card to provide incentives to cardholders as promotion purpose. Management judgment is required to determine the customers in the Bank's debit card business. Some of the factors are considered by management in making the judgement, including but not limited to the operational model of debit card business, effective contracts with relevant parties and design of the incentive program. The incentives are considered as marketing expenses instead of consideration payable to customers.

(f) Impairment of non-financial assets

The JV Group assesses whether there are any indicators of impairment for all non-financial assets at the end of the years. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(g) Consolidation of entity with less than 50% ownership

The directors have concluded that the JV Co controls ZA Tech Global Limited ("ZA Tech Global"), even though it holds less than half of the equity interests of this subsidiary. The subscription agreement signed between the shareholders grants the JV Co potential voting rights and the right to appoint a majority of the board of directors and management responsible for directing the relevant activities.

5. Service fee income

(i) Disaggregation of revenue from contracts with customers

The JV Group derives revenue mainly from providing implementation services and post-implementation support service to customers over time in the following geographical regions.

	Implementation			License			Post-implementation support			Total		
	Year ended 31 December			Year ended 31 December			Year ended 31 December			Year ended 31 December		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Japan	67,476	108,824	48,802	17,727	18,576	21,809	12,115	19,825	14,981	97,318	147,225	85,592
Singapore	49,927	61,350	47,662	7,780	20,743	32,873	2,553	10,301	1,600	60,260	92,394	82,135
Ireland	8,826	3,521	11,196	5,252	13,050	10,327	10,278	13,539	13,834	24,356	30,110	35,357
Others	5,387	24,911	81,196	681	5,010	45,058	14,631	3,867	18,192	20,699	33,788	144,446
	131,616	198,606	188,856	31,440	57,379	110,067	39,577	47,532	48,607	202,633	303,517	347,530

Note: Included service fee income of HK\$20,018,000, HK\$20,172,000 and HK\$42,193,000 generated from certain associates of the JV Group for the year ended 31 December 2020, 2021 and 2022 respectively.

(ii) Assets and liabilities related to contracts with customers

The JV Group does not have material contract assets and liabilities related to contracts with customers are as follows:

(a) Unsatisfied long-term support contracts

The following table shows unsatisfied performance obligations resulting from fixed-price long-term license and post-implementation support contracts:

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Aggregate amount of the transaction price allocated to long-term license and post-implementation support contracts that are partially or fully unsatisfied	70,674	73,321	144,573

Management expects that all of the transaction price allocated to unsatisfied performance obligations as of 31 December 2020, 2021 and 2022 will be recognised as revenue within the next five years. The amount disclosed above does not include variable consideration which is constrained.

All other support contracts are for periods of one year or less or are billed based on time incurred. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

As at 31 December 2020, 2021 and 2022, the JV Group has received payments from customers for license and post-implementation services exceeding services rendered and recognised contract liabilities of HK\$21,877,000, HK\$23,414,000 and HK\$13,833,000, respectively.

(b) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the years			
License and post-implementation services	6,423	12,834	12,898

6. Interest income and expenses*(i) Net interest income from banking operations*

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Interest income on financial assets			
- measured at amortised cost	29,997	46,371	140,960
- measured at FVOCI	35,936	100,575	135,538
	65,933	146,946	276,498
Less: interest expenses on deposits from customers	(37,797)	(60,096)	(84,125)
	28,136	86,850	192,373

(ii) Interest income from non-banking operations

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Interest income on financial assets			
- measured at amortised cost	21,713	11,903	14,854
- measured at FVOCI	5,049	10,931	11,545
- measured at FVPL	—	1,189	14,914
	26,762	24,023	41,313

7. Net investment gain/(loss)

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Net gains/(loss) on financial assets at FVPL	6,766	848	(200,849)
Net gains/(loss) on financial assets at FVOCI	6,226	(11,387)	(14,381)
Net loss on financial liability at FVPL	—	—	(42,126)
Net gains/(loss) on financial assets at amortised cost	—	—	(3,900)
Investment expenses	(826)	(1,450)	(1,626)
Gain on disposal of subsidiaries	—	—	128,268
Gain on disposal of associates	—	—	367,200
Dividend income from financial assets at FVPL	—	—	588
Others	1,898	—	(9)
	14,064	(11,989)	233,165

8. Insurance premium revenue

Insurance premium revenue represents gross insurance premiums written from direct and reinsurance accepted business as follows:

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Gross written premiums	2,931	131,296	414,098
Less: reinsurance premium ceded	(660)	(4,430)	(7,116)
Net written premiums	<u>2,271</u>	<u>126,866</u>	<u>406,982</u>

9. Net fee and commission income from banking operations

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Cards	1,503	79,007	116,569
Loans	—	5,643	8,700
Others	134	3,135	9,502
Fee and commission income	1,637	87,785	134,771
Less: fee and commission expenses	(499)	(35,086)	(56,391)
	<u>1,138</u>	<u>52,699</u>	<u>78,380</u>

As at 31 December 2020, 2021 and 2022, the JV Group has received payments from customers for fee and commission income from banking operations exceeding services rendered and recognised contract liabilities of nil, HK\$5,843,000 and HK\$25,325,000, respectively. During the year ended 31 December 2020, 2021 and 2022, revenue of nil, nil and HK\$2,707,000 was recognised that included in the contract liability balance at the beginning of the years.

10. Other income

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Foreign exchange gains	342	564	52,699
Government grants (Note (a))	3,753	3,941	4,418
Marketing income	500	2,303	—
Management fee income	—	—	21,444
Other income	7,044	2,623	7,822
	<u>11,639</u>	<u>9,431</u>	<u>86,383</u>

Notes:

- (a) Government grants includes (i) Hong Kong Employment Support Scheme of HK\$3,575,000 and Singapore Job Support Scheme of HK\$178,000 for the year ended 31 December 2020; (ii) Hong Kong Employment Support Scheme of HK\$3,783,000 and Singapore Job Support Scheme of HK\$158,000 for the year ended 31 December 2021; and (iii) Hong Kong Employment Support Scheme of HK\$4,243,000, Hong Kong Fintech Anti-epidemic Scheme of HK\$74,000, Hong Kong Financial Services Development Council of HK\$10,000 and Singapore Job Support Scheme of HK\$91,000 for the year ended 31 December 2022. There are no unfulfilled conditions or other contingencies attaching to these grants.
- (b) As at 31 December 2020, 2021, and 2022, the JV Group has unperformed contribution in-kind and recognised contract liabilities of nil, nil and HK\$357,000, respectively.

11. Operating expenses

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Human resources expenses (Note 13)	518,057	768,789	1,027,669
Advertising and promotion expenses	83,683	212,498	187,099
Information technology expenses	63,264	65,530	88,516
Legal and professional fees	44,645	47,113	34,066
Rental fees	22,009	32,957	34,061
Depreciation and amortisation	21,492	27,283	46,364
Sales tax	11,340	706	1,767
Auditors' remuneration	4,803	5,425	7,557
Others	28,250	84,089	79,402
	<u>797,543</u>	<u>1,244,390</u>	<u>1,506,501</u>

Note: The above expenses include amount charged by ZAOIL and ZhongAn Technology to the JV Group during the years ended 31 December 2020, 2021 and 2022 were HK\$321,975,000, HK\$414,489,000 and HK\$119,366,000, respectively.

12. Net claims and benefits incurred and movement in liabilities to policyholders

	Year ended 31 December 2020		
	Gross	Reinsurers' share	Net
	HK\$'000	HK\$'000	HK\$'000
Claims paid	3	—	3
Surrender	—	—	—
Movement in liabilities to policyholders	49,482	(2,327)	47,155
Movement in provisions of outstanding claims	3	—	3
	<u>49,488</u>	<u>(2,327)</u>	<u>47,161</u>

	Year ended 31 December 2021		
	Reinsurers'		
	Gross	share	Net
	HK\$'000	HK\$'000	HK\$'000
Claims paid	2,292	(1,768)	524
Surrender	—	—	—
Movement in liabilities to policyholders	130,836	(2,795)	128,041
Movement in provisions of outstanding claims	1,526	(1,214)	312
	<u>134,654</u>	<u>(5,777)</u>	<u>128,877</u>

	Year ended 31 December 2022		
	Reinsurers'		
	Gross	share	Net
	HK\$'000	HK\$'000	HK\$'000
Claims paid	327	(137)	190
Surrender	261,825	—	261,825
Movement in liabilities to policyholders	120,293	(787)	119,506
Movement in provisions of outstanding claims	23,462	(20,733)	2,729
	<u>405,907</u>	<u>(21,657)</u>	<u>384,250</u>

13. Human resources expenses (including directors' emolument)

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Salaries, staff welfare and insurance cost	512,137	740,389	923,973
Pension costs — defined contribution plans	2,421	11,451	8,019
Share based payment	3,499	16,949	95,677
	<u>518,057</u>	<u>768,789</u>	<u>1,027,669</u>

14. Interest expenses on non-banking operations

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Interest expense arising from lease liabilities (Note 19)	1,039	680	2,384
Loan interest expense	2,494	—	—
Others	—	1	—
	<u>3,533</u>	<u>681</u>	<u>2,384</u>

15. Expected credit losses on financial assets

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Change in expected credit losses	14,258	49,496	63,422
Attributable to:			
Financial assets at FVOCI	5,247	12,423	20,515
Investment in debt securities at amortised costs	—	8,778	14,074
Loans and advances to customers	8,619	27,474	28,344
Others	392	821	489
	14,258	49,496	63,422

16. Income tax

This note provides an analysis of the JV Group's income tax expense, shows how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the JV Group's tax position.

Hong Kong profits tax, Singapore, Mainland China, Japan, Indonesia and Ireland corporate tax have been provided at the effective rate of 16.5%, 17%, 25%, 30.62%, 22% and 12.5% respectively on the estimated assessable profits arising in Hong Kong, Singapore, Mainland China, Japan, Indonesia and Ireland during the years ended 31 December 2020, 2021 and 2022.

(i) Current income tax

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Current tax expense	73	255	—

(ii) Numerical reconciliation of income tax expense to prima facie tax payable

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Loss before income tax	(609,805)	(849,113)	(591,941)
Tax at domestic tax rates applicable to profits in the respective countries	(99,433)	(128,790)	(136,477)
Tax effects of:			
Income not subject to tax	(8,214)	(3,354)	(38,779)
Expense not deductible for tax purpose	2,832	19,383	44,458
Tax effect of tax losses not recognised	108,072	126,323	134,843
Tax effect of utilisation of tax losses previously not recognised	(3,184)	(13,337)	(4,045)
Income tax expense	73	225	—

In respect of the years of assessment 2020/21 and 2021/22 profits tax computations submitted to the Hong Kong Inland Revenue Department (“IRD”), ZA Life Limited (“ZA Life”) determined the assessable profits for its Class A business using the 5% of premiums basis per Section 23(1)(a) of the Inland Revenue Ordinance (“IRO”). During 2022, pursuant to Section 23(3) of the IRO, ZA Life elected the “adjusted surplus” method under Section 23(1)(b) of the IRO and will retrospectively apply this method on its assessable profits / adjusted loss for its Class A business in Hong Kong for the years of assessment 2020/21 and 2021/22. In this regard, the unused tax losses for the years ended 31 December 2020 and 2021 were adjusted to reflect the change.

As at 31 December 2020, 2021 and 2022, the JV Group had estimated unused tax losses of approximately HK\$1,034,684,000 (before Section 23(3) of IRO election: approximately HK\$858,946,000), HK\$1,716,871,000 (before Section 23(3) of IRO election: approximately HK\$1,453,596,000) and HK\$2,481,784,000 respectively available for offset against future profits. As at 31 December 2020, 2021 and 2022, the unused tax losses include a sum of nil, approximately HK\$21,371,000 and HK\$51,033,000 respectively that will expire in 5 years. Deferred tax assets were recognised to the extent that the unused tax losses can be utilised.

(iii) *Deferred income tax*

The movements in net deferred income tax liabilities/(assets) for each of the year are as follows:

	Accelerated tax depreciation/ amortisation	Tax losses	Expected credit losses provision	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 January 2020	—	—	—	—
Charged/(credited) to consolidated statements of comprehensive income	6,922	(4,511)	(2,411)	—
As at 31 December 2020 and 1 January 2021	6,922	(4,511)	(2,411)	—
Charged/(credited) to consolidated statements of comprehensive income	6	4,424	(4,430)	—
As at 31 December 2021 and 1 January 2022	6,928	(87)	(6,841)	—
Charged/(credited) to consolidated statements of comprehensive income	5,774	(8,338)	2,564	—
As at 31 December 2022	12,702	(8,425)	(4,277)	—

17. Subsidiaries

The JV Group's principal subsidiaries are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the JV Group. The country of incorporation or registration is also their principal place of business.

Name of Entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Ownership interest/Board voting rights held by the JV Group			Ownership interest/Board voting rights held by non-controlling interests		
			As at 31 December			As at 31 December		
			2020	2021	2022	2020	2021	2022
ZA Bank Limited	Hong Kong, limited liability company	Virtual bank, Hong Kong	100	100	100	—	—	—
ZA Tech Global Limited	Hong Kong, limited liability company	Technology Development/Technology Consulting, Hong Kong	49*/67	49*/67	49*/67	51/33	51/33	51/33
ZA Tech Japan Inc.	Japan, limited liability company	Technology Development/Technology Consulting, Japan	49*/67	49*/67	—	51/33	51/33	—
ZA Tech Global (Cayman) Limited	Cayman Islands, limited liability company	Technology Development/Technology Consulting, Cayman Islands	49*/67	49*/67	49*/67	51/33	51/33	51/33
ZA Tech Global (Singapore) Pte. Ltd.	Singapore, limited liability company	Technology Development/Technology Consulting, Singapore	49*/67	49*/67	49*/67	51/33	51/33	51/33
ZA Life Limited	Hong Kong, limited liability company	Life Insurance, Hong Kong	65/60	65/60	65/60	35/40	35/40	35/40
ZhongAn (Shenzhen) Technology Consulting Co., Ltd	Shenzhen, PRC, limited liability company	Technology Development/Technology Consulting, PRC	—	100	100	—	—	—
PT ZATech Global Indonesia	Indonesia, limited liability company	Technology Development/Technology Consulting, Indonesia	—	49*/67	49*/67	—	51/33	51/33

* The entities are classified as subsidiaries of the JV Co taking into account various factors, including the control being exercised through shareholding structure, voting rights in the board and related arrangements.

17.1 Non-controlling interests (NCI)

Set out below is summarised financial information for subsidiary that has non-controlling interests that are material to the JV Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

ZA Tech Global**Summarised consolidated statements of financial position**

	Year ended 31 December		
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets	298,677	273,164	526,156
Current liabilities	(271,057)	(310,546)	(422,882)
Net current assets/(liabilities)	<u>27,620</u>	<u>(37,382)</u>	<u>103,274</u>
Non-current assets	36,161	61,228	70,950
Non-current liabilities	(306)	(1,846)	(1,390)
Net non-current assets	<u>35,855</u>	<u>59,382</u>	<u>69,560</u>
Net assets	<u>63,475</u>	<u>22,000</u>	<u>172,834</u>
Accumulated NCI	<u>19,821</u>	<u>(4,612)</u>	<u>89,379</u>

Summarised consolidated statements of comprehensive income

	Year Ended	Year Ended	Year Ended
	31 December	31 December	31 December
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	209,661	309,129	351,323
(Loss)/profit for the year	(109,726)	(107,275)	117,045
Other comprehensive income/(expense)	6,088	(10,241)	(10,694)
Total comprehensive (loss)/profit for the year	<u>(103,638)</u>	<u>(117,516)</u>	<u>106,351</u>
Total comprehensive (loss)/income allocated to NCI	<u>(52,855)</u>	<u>(63,957)</u>	<u>54,994</u>

Summarised consolidated statements of cash flows

	Year Ended	Year Ended	Year Ended
	31 December	31 December	31 December
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash (used in)/ generated from operating activities	(57,326)	69,472	(55,520)
Cash (used in)/generated from investing activities	(20,957)	(12,732)	40,010
Cash generated from/(used in) financing activities	74,674	(110,896)	(1,105)
Net decrease in cash and cash equivalents	<u>(3,609)</u>	<u>(54,156)</u>	<u>(16,615)</u>

ZA Life Limited

Summarised statements of financial position

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Total assets	1,024,026	1,062,696	1,014,567
Total liabilities	(192,051)	(317,246)	(405,819)
Net assets	<u>831,975</u>	<u>745,450</u>	<u>608,748</u>
Accumulated NCI	<u>290,830</u>	<u>259,863</u>	<u>215,648</u>

Summarised statements of comprehensive income

	Year Ended	Year Ended	Year Ended
	31 December	31 December	31 December
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Revenue	2,271	126,866	406,982
Loss for the year	(159,502)	(84,349)	(108,322)
Other comprehensive income/(expense)	4,308	(4,129)	(28,648)
Total comprehensive (loss)/income for the year	<u>(155,194)</u>	<u>(88,478)</u>	<u>(136,970)</u>
Total comprehensive loss allocated to NCI	<u>(54,318)</u>	<u>(30,967)</u>	<u>(47,439)</u>

Summarised statements of cash flows

	Year Ended	Year Ended	Year Ended
	31 December	31 December	31 December
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Cash (used in)/generated from operating activities	(14,239)	15,390	(7,957)
Cash used in investing activities	(746,549)	(24,513)	(115,788)
Cash generated from financing activities	980,000	—	—
Net increase/(decrease) in cash and cash equivalents	<u>219,212</u>	<u>(9,123)</u>	<u>(123,745)</u>

18. Property and equipment

JV Group

	Leasehold improvement <i>HK\$'000</i>	Furniture, fittings and equipment <i>HK\$'000</i>	Vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2020				
Opening net book amount	11,968	3,262	542	15,772
Additions	4,690	3,681	—	8,371
Depreciation charges	(5,919)	(1,486)	(151)	(7,556)
Disposal	(495)	—	—	(495)
Effect of exchange translation	11	24	—	35
Closing net book amount	<u>10,255</u>	<u>5,481</u>	<u>391</u>	<u>16,127</u>
At 31 December 2020				
Cost	19,222	7,680	757	27,659
Accumulated depreciation	<u>(8,967)</u>	<u>(2,199)</u>	<u>(366)</u>	<u>(11,532)</u>
Net book amount	<u>10,255</u>	<u>5,481</u>	<u>391</u>	<u>16,127</u>
Year ended 31 December 2021				
Opening net book amount	10,255	5,481	391	16,127
Additions	1,181	3,716	—	4,897
Depreciation charges	(5,889)	(3,065)	(151)	(9,105)
Effect of exchange translation	(64)	(108)	—	(172)
Closing net book amount	<u>5,483</u>	<u>6,024</u>	<u>240</u>	<u>11,747</u>
At 31 December 2021				
Cost	20,281	11,262	757	32,300
Accumulated depreciation	<u>(14,798)</u>	<u>(5,238)</u>	<u>(517)</u>	<u>(20,553)</u>
Net book amount	<u>5,483</u>	<u>6,024</u>	<u>240</u>	<u>11,747</u>
Year ended 31 December 2022				
Opening net book amount	5,483	6,024	240	11,747
Additions	16,224	9,930	—	26,154
Depreciation charges	(9,819)	(3,563)	(151)	(13,533)
Disposal of a subsidiary	(930)	(554)	—	(1,484)
Reclassification	1,333	(1,333)	—	—
Effect of exchange translation	(105)	(245)	—	(350)
Closing net book amount	<u>12,186</u>	<u>10,259</u>	<u>89</u>	<u>22,534</u>
At 31 December 2022				
Cost	35,918	18,723	757	55,398
Accumulated depreciation	<u>(23,732)</u>	<u>(8,464)</u>	<u>(668)</u>	<u>(32,864)</u>
Net book amount	<u>12,186</u>	<u>10,259</u>	<u>89</u>	<u>22,534</u>

JV Co

	Leasehold improvement <i>HK\$'000</i>	Furniture, fittings and equipment <i>HK\$'000</i>	Vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2020				
Opening net book amount	11,968	3,262	542	15,772
Additions	3,967	399	—	4,366
Depreciation charges	(5,540)	(833)	(151)	(6,524)
Disposal	(495)	—	—	(495)
Closing net book amount	<u>9,900</u>	<u>2,828</u>	<u>391</u>	<u>13,119</u>
At 31 December 2020				
Cost	18,476	4,369	757	23,602
Accumulated depreciation	(8,576)	(1,541)	(366)	(10,483)
Net book amount	<u>9,900</u>	<u>2,828</u>	<u>391</u>	<u>13,119</u>
Year ended 31 December 2021				
Opening net book amount	9,900	2,828	391	13,119
Additions	—	306	—	306
Depreciation charges	(5,400)	(921)	(151)	(6,472)
Closing net book amount	<u>4,500</u>	<u>2,213</u>	<u>240</u>	<u>6,953</u>
At 31 December 2021				
Cost	18,476	4,675	757	23,908
Accumulated depreciation	(13,976)	(2,462)	(517)	(16,955)
Net book amount	<u>4,500</u>	<u>2,213</u>	<u>240</u>	<u>6,953</u>
Year ended 31 December 2022				
Opening net book amount	4,500	2,213	240	6,953
Additions	13,490	1,534	—	15,024
Depreciation charges	(8,068)	(1,135)	(151)	(9,354)
Closing net book amount	<u>9,922</u>	<u>2,612</u>	<u>89</u>	<u>12,623</u>
At 31 December 2022				
Cost	31,966	6,209	757	38,932
Accumulated depreciation	(22,044)	(3,597)	(668)	(26,309)
Net book amount	<u>9,922</u>	<u>2,612</u>	<u>89</u>	<u>12,623</u>

19. Lease

JV Group

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

(i) *Amounts recognised in the consolidated statements of financial position*

The consolidated statements of financial position show the following amounts relating to leases:

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Right-of-use assets			
Buildings	13,552	8,263	103,091
Equipment	1,740	1,135	694
	<u>15,292</u>	<u>9,398</u>	<u>103,785</u>
Lease liabilities			
Current	10,149	10,115	14,622
Non-current	6,574	2,307	82,089
Total	<u>16,723</u>	<u>12,422</u>	<u>96,711</u>

Additions to the right-of-use assets during the years ended 31 December 2020, 2021 and 2022 were HK\$6,777,000, HK\$6,722,000 and HK\$121,488,000 respectively.

(ii) *Amounts recognised in the consolidated statements of comprehensive income*

The consolidated statements of comprehensive income show the following amounts relating to leases:

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Depreciation charge of right-of-use assets			
Buildings	7,925	8,218	17,943
Equipment	1,715	1,740	524
	<u>9,640</u>	<u>9,958</u>	<u>18,467</u>
Interest expense (Note 14)	1,039	680	2,384
Expense relating to leases of low-value assets	68	—	20

The total cash outflows for leases during the years ended 31 December 2020, 2021 and 2022 were HK\$11,438,000, HK\$9,465,000, HK\$21,930,000 respectively.

JV Co

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

(i) Amounts recognised in the statements of financial position

The statements of financial position show the following amounts relating to leases:

	As at 31 December		
	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Right-of-use assets			
Buildings	696	3,760	52,680
Equipment	8,288	—	—
	<u>8,984</u>	<u>3,760</u>	<u>52,680</u>
Lease liabilities			
Current	6,211	5,550	10,119
Non-current	4,954	461	37,362
Total	<u>11,165</u>	<u>6,011</u>	<u>47,481</u>

20. Intangible assets*JV Group*

	Software <i>HK\$'000</i>	Licence <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost			
At 1 January 2020	14,695	—	14,695
Additions	29,199	1,886	31,085
At 31 December 2020 and 1 January 2021	43,894	1,886	45,780
Additions	5,891	1,023	6,914
At 31 December 2021 and 1 January 2022	49,785	2,909	52,694
Additions	88,474	—	88,474
Exchange realignment	106	—	106
At 31 December 2022	<u>138,365</u>	<u>2,909</u>	<u>141,274</u>
Accumulated amortisation at 1 January 2020	898	—	898
Amortisation for the year	4,296	—	4,296
At 31 December 2020 and 1 January 2021	5,194	—	5,194
Amortisation for the year	8,220	—	8,220
At 31 December 2021 and 1 January 2022	13,414	—	13,414
Amortisation for the year	14,364	—	14,364
Effect of exchange translation	243	—	243
At 31 December 2022	<u>28,021</u>	<u>—</u>	<u>28,021</u>
Net book value at 31 December 2020	<u>38,700</u>	<u>1,886</u>	<u>40,586</u>
Net book value at 31 December 2021	<u>36,371</u>	<u>2,909</u>	<u>39,280</u>
Net book value at 31 December 2022	<u>110,344</u>	<u>2,909</u>	<u>113,253</u>

21. Investments accounted for using the equity method

JV Group

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Carrying amount in the consolidated statements of financial position	46,334	91,940	83,099

The directors of the JV Group consider that none of the associates and joint ventures as at 31 December 2020, 2021 and 2022 were significant to the JV Group and thus the individual financial information of the associates and joint ventures were not disclosed. The summarised financial information of individually immaterial associates and joint ventures on an aggregate basis were as follows:

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Share of loss for the years	(33,953)	(17,066)	(21,510)
Share of total comprehensive loss for the year	(33,953)	(17,066)	(21,510)

22. Loans and advances to customers

JV Group

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Corporate customers	30,000	535,615	2,690,170
Individual customers	652,754	2,011,946	2,244,242
	682,754	2,547,561	4,934,412
Less: expected credit losses allowances	(8,619)	(34,664)	(47,446)
	674,135	2,512,897	4,886,966

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Current portion	414,972	1,678,680	2,301,300
Non-current portion	259,163	834,217	2,585,666
	674,135	2,512,897	4,886,966

23. Trade and other receivables

JV Group

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Trade receivables	74,473	112,377	114,398
Deposit	15,503	77,965	79,799
Other receivables	18,197	11,090	25,736
	<u>108,173</u>	<u>201,432</u>	<u>219,933</u>

The JV Group's credit terms to trade debtors normally range from 0 to 30 days. An aging analysis of the trade receivables based on the invoice date is as follows:

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	37,322	80,500	85,117
31-60 days	641	5,948	9,265
61-90 days	10,793	17,908	7,314
Over 90 days	25,717	8,021	12,702
	<u>74,473</u>	<u>112,377</u>	<u>114,398</u>

As at 31 December 2020, 2021 and 2022, no loss allowance was made on the trade receivables and no trade receivables were written off.

JV Co

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Trade receivables	—	—	26,812
Other receivables	—	292	171
	<u>—</u>	<u>292</u>	<u>26,983</u>

The JV Co's credit terms to trade debtors normally range from 0 to 30 days. An aging analysis of the trade receivables based on the invoice date is as follows:

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	—	—	26,762
31-60 days	—	—	50
61-90 days	—	—	—
Over 90 days	—	—	—
	<u>—</u>	<u>—</u>	<u>26,812</u>
	<u>—</u>	<u>—</u>	<u>26,812</u>

As at 31 December 2020, 2021 and 2022, no loss allowance was made on the trade receivables and no trade receivables were written off.

24. Reinsurance assets

JV Group

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Amounts recoverable from reinsurers	—	168	304
Ceded insurance contract liabilities	<u>2,327</u>	<u>5,122</u>	<u>5,909</u>
	<u>2,327</u>	<u>5,290</u>	<u>6,213</u>
Expected to be settled			
- within one year	515	981	977
- after one year	<u>1,812</u>	<u>4,309</u>	<u>5,236</u>
	<u>2,327</u>	<u>5,290</u>	<u>6,213</u>

25. Provision for outstanding claims

The table below shows analysis of movements in provision for outstanding claims.

	As at 31 December 2021		
		Reinsurers'	
	Gross <i>HK\$'000</i>	share <i>HK\$'000</i>	Net <i>HK\$'000</i>
Balance at 1 January	3	—	3
Current year claims	3,818	(2,982)	836
Change in prior year's claim provision	(1)	—	(1)
Current year claims paid	(2,289)	1,768	(521)
Prior years' claims paid	(3)	—	(3)
Balance at 31 December	<u>1,528</u>	<u>(1,214)</u>	<u>314</u>
Expected to be settled			
- within one year	<u>1,528</u>	<u>(1,214)</u>	<u>314</u>

	As at 31 December 2022		
		Reinsurers'	
	Gross <i>HK\$'000</i>	share <i>HK\$'000</i>	Net <i>HK\$'000</i>
Balance at 1 January	1,529	(1,214)	315
Current year claims	25,314	(21,945)	3,369
Change in prior year's claim provision	(1,526)	1,212	(314)
Current year claims paid	(323)	—	(323)
Prior years' claims paid	(3)	—	(3)
Balance at 31 December	<u>24,991</u>	<u>(21,947)</u>	<u>3,044</u>
Expected to be settled			
- within one year	<u>24,991</u>	<u>(21,947)</u>	<u>3,044</u>

26. Financial assets at FVOCI

JV Group

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Debt securities			
Listed	2,559,603	3,829,308	4,237,295
Unlisted	<u>2,476,548</u>	<u>1,760,677</u>	<u>1,625,931</u>
	<u>5,036,151</u>	<u>5,589,985</u>	<u>5,863,226</u>
Type of issuer			
Sovereign	—	9,875	—
Banks and other financial institutions	2,784,980	2,559,274	3,216,719
Corporates	<u>2,251,171</u>	<u>3,020,836</u>	<u>2,646,507</u>
	<u>5,036,151</u>	<u>5,589,985</u>	<u>5,863,226</u>

JV Co

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Debt securities			
- Listed	<u>—</u>	<u>398,643</u>	<u>38,664</u>

27. Financial assets at FVPL

JV Group

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Equities securities			
- Listed - Hong Kong	30,107	17,742	25,390
- Listed - Overseas	18,252	20,118	278,827
Debt securities			
- Unlisted	34,100	136,812	647,405
Other investments	<u>50,719</u>	<u>51,167</u>	<u>—</u>
	<u>133,178</u>	<u>225,839</u>	<u>951,622</u>

JV Co

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Debt securities			
- Unlisted	—	—	251,032
Other investments	50,719	51,167	—
	<u>50,719</u>	<u>51,167</u>	<u>251,032</u>

28. Investment in debt securities at amortised costs*JV Group*

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Debt securities			
- Unlisted	298,488	272,419	211,498
Less: expected credit losses allowances	(144)	(8,922)	(22,996)
	<u>298,344</u>	<u>263,497</u>	<u>188,502</u>

29. Cash and amounts due from banks and other financial institutions*JV Group*

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Cash at bank and on hand	1,356,657	2,027,871	1,252,972
Amounts due from banks and other financial institutions	1,665,084	1,076,341	134,273
Less: expected credit losses allowances	(334)	(117)	(5)
	<u>3,021,407</u>	<u>3,104,095</u>	<u>1,387,240</u>

(i) Reconciliation to consolidated statements of cash flows

The above figures reconcile to the amount of cash shown in the consolidated statements of cash flows at the end of the financial year as follows:

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Balances as above	3,021,407	3,104,095	1,387,240
Expected credit losses	334	117	5
Placements with and advances to banks original maturity exceeding three months	(863,000)	(547,341)	(50,577)
Balances per consolidated statements of cash flows	<u>2,158,741</u>	<u>2,556,871</u>	<u>1,336,668</u>

JV Co

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Cash at bank and on hand	<u>143,038</u>	<u>324,772</u>	<u>97,192</u>

30. Other assets

JV Group

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Prepaid expenses	38,648	40,441	46,437
Deposits	5,831	31	6,469
Others	467	5,152	159
	<u>44,946</u>	<u>45,624</u>	<u>53,065</u>
Current portion	44,479	40,441	26,602
Non-current portion	467	5,183	26,463
	<u>44,946</u>	<u>45,624</u>	<u>53,065</u>

31. Trade payables and other liabilities

JV Group

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Trade payables	22,972	638	340
Salaries payables	31,163	124,268	133,587
Outsourcing fee payables	—	42,532	33,352
Payables to an independent third party for investment	—	—	22,798
Provision of outstanding claims (Note 25)	3	1,529	24,991
Provision for reinstatement cost	—	—	7,472
Other liabilities	117,823	193,025	204,486
	<u>171,961</u>	<u>361,992</u>	<u>427,026</u>

At 31 December 2020, 2021 and 2022, the ageing analysis of the trade payables of JV Group based on invoice date are follows:

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	13,132	388	44
31-60 days	8,462	—	19
61-90 days	27	—	12
Over 90 days	1,351	250	265
	<u>22,972</u>	<u>638</u>	<u>340</u>

JV Co

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Salaries payables	1,786	7,636	6,980
Outsourcing fee payables	—	42,532	33,352
Provision for reinstatement cost	—	—	6,974
Other liabilities	892	4,172	7,642
	<u>2,678</u>	<u>54,340</u>	<u>54,948</u>

32. Related party transactions

Save as disclosed elsewhere in the Historical Financial Information, the JV Group had the following transactions with its related parties during the Track Record Period.

(i) Key management personnel compensation

Transactions with key management personnel and the entity controlled or jointly controlled by a person identified as key management personnel ("key management personnel") have been disclosed below.

	As at 31 December		
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries	3,771	10,016	7,643
Bonus and pension	10	2,361	6,061
Other benefits	1,633	2,858	20,118
	<u>5,414</u>	<u>15,235</u>	<u>33,822</u>

During the years ended 31 December 2020, 2021 and 2022, the JV Group has the following transactions with the key management personnel.

(ii) Transaction with related parties

	As at 31 December		
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense	<u>10</u>	<u>1,319</u>	<u>56</u>
Interest income	<u>1</u>	<u>28</u>	<u>21</u>

	As at 31 December		
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits from customers	2,548	119,959	6,416
Interest payable	4	112	9
Accounts payable and accruals	<u>—</u>	<u>2</u>	<u>—</u>
	<u>2,552</u>	<u>120,073</u>	<u>6,425</u>
Interest receivable	—	—	2
Loans and advances to customers	945	2,443	1,957
	<u>945</u>	<u>2,443</u>	<u>1,959</u>

The JV Group has certain outsourcing arrangements with ZhongAn Technology in which ZhongAn Technology provides technical service support and human resources service support to the JV Group.

During the years ended 31 December 2020, 2021 and 2022, the JV Group has the following transactions with ZhongAn Technology.

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Technical service fees	13,427	14,773	21,807
Human resources service fees	—	—	214

(iii) *Year-end balance of payables with related parties*

JV Group

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
ZhongAn Technology	560,155	1,010,030	962,617
ZAOIL	32,958	50,294	63,949
	<u>593,113</u>	<u>1,060,324</u>	<u>1,026,566</u>

JV Co

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
ZhongAn Technology	548,507	998,335	959,336
ZAOIL	32,958	50,217	49,438
	<u>581,465</u>	<u>1,048,552</u>	<u>1,008,774</u>

The balances are repayable on demand, unsecured and non-interest bearing.

(iv) *Year-end deposits from customers*

JV Group

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Other related party	—	4,357	73,738

(v) *Year-end financial assets at FVOCI**JV Group*

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
ZAOIL	23,486	22,967	20,212

(vi) *JV Co year-end balances with subsidiaries*

The balances are repayable on demand, unsecured and non-interest bearing.

33. Insurance contract liabilities*JV Group*

	As at 31 December 2020		
	Reinsurers'		
	Gross	share	Net
	HK\$'000	HK\$'000	HK\$'000
Life insurance fund (Note i)	49,488	(2,327)	47,161
Expected to be settled			
- within one year	4,129	(515)	3,614
- after one year	45,359	(1,812)	43,547
Balance at 31 December	49,488	(2,327)	47,161

	As at 31 December 2021		
	Reinsurers'		
	Gross	share	Net
	HK\$'000	HK\$'000	HK\$'000
Life insurance fund (Note i)	180,324	(5,122)	175,202
Expected to be settled			
- within one year	31,825	(813)	31,012
- after one year	148,499	(4,309)	144,190
Balance at 31 December	180,324	(5,122)	175,202

As at 31 December 2022

	Reinsurers'		
	Gross	share	Net
	HK\$'000	HK\$'000	HK\$'000
Life insurance fund (Note i)	300,617	(5,909)	294,708
Expected to be settled			
- within one year	26,315	(673)	25,642
- after one year	274,302	(5,236)	269,066
Balance at 31 December	<u>300,617</u>	<u>(5,909)</u>	<u>294,708</u>

(i) Analysis of movement in life insurance funds

As at 31 December 2020

	Reinsurers'		
	Gross	share	Net
	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January	—	—	—
Valuation premium	3,530	(2,238)	1,292
Interest and other costs	—	—	—
Change in resilience reserve	141	(89)	52
Liabilities released for payments on death, surrender and other terminations in the year	—	—	—
Change in expense provisions	45,817	—	45,817
Balance at 31 December	<u>49,488</u>	<u>(2,327)</u>	<u>47,161</u>

As at 31 December 2021

	Reinsurers'		
	Gross	share	Net
	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January	49,488	(2,327)	47,161
Valuation premium	127,623	(3,261)	124,362
Interest and other costs	22	(14)	8
Change in resilience reserve	5,051	(107)	4,944
Liabilities released for payments on death, surrender and other terminations in the year	(1,361)	587	(774)
Change in expense provisions	(499)	—	(499)
Balance at 31 December	<u>180,324</u>	<u>(5,122)</u>	<u>175,202</u>

	As at 31 December 2022		
	Gross	Reinsurers'	Net
		share	
HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January	180,324	(5,122)	175,202
Valuation premium	403,535	(1,664)	401,871
Interest and other costs	2,174	(31)	2,143
Change in resilience reserve	5,439	(30)	5,409
Liabilities released for payments on death, surrender and other terminations in the year	(269,733)	938	(268,795)
Change in expense provisions	(21,122)	—	(21,122)
Balance at 31 December	<u>300,617</u>	<u>(5,909)</u>	<u>294,708</u>

The assumptions and sensitivities analysis are set out in note 3.1.

34. Deposits from customers

JV Group

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Saving deposits	3,885,056	5,030,202	2,849,576
Time deposits	<u>2,127,557</u>	<u>1,936,974</u>	<u>6,308,339</u>
	<u>6,012,613</u>	<u>6,967,176</u>	<u>9,157,915</u>

35. Share capital

	Number of shares	Nominal	Equivalent
		value of	nominal value
		shares	of shares
		RMB'000	HK\$'000
Issued and fully paid:			
As at 1 January 2020	900,000,000	894,314	999,316
Issue of ordinary shares	<u>1,200,000,000</u>	<u>1,176,470</u>	<u>1,316,283</u>
As at 31 December 2020 and 1 January 2021	2,100,000,000	2,070,784	2,315,599
Issue of ordinary shares	<u>452,984,526</u>	<u>1,417,661</u>	<u>1,725,406</u>
As at 31 December 2021 and 1 January 2022	2,552,984,526	3,488,445	4,041,005
Issue of ordinary shares	<u>261,149,136</u>	<u>1,151,287</u>	<u>1,350,954</u>
As at 31 December 2022	<u>2,814,133,662</u>	<u>4,639,732</u>	<u>5,391,959</u>

On 16 January 2020, the JV Co allotted and issued 612,000,000 ordinary shares to ZhongAn Technology at RMB600,000,000 (equivalent to approximately HK\$665,284,000) for cash; and 588,000,000 ordinary shares to the Company at RMB576,470,588 (equivalent to approximately HK\$650,999,000) for cash. The considerations were paid in cash.

On 25 October 2021, the JV Co allotted and issued 206,164,594 ordinary shares to Warrior Treasure Limited ("Warrior") at RMB376,250,383 (equivalent to approximately HK\$457,520,000). The proceeds from the issuance of ordinary shares to Warrior was settled by the payment of redemption of 376,250,383 redeemable preference shares held by Warrior.

On 27 October 2021, the JV Group entered into a share purchase agreement with ZhongAn Technology, the Company, Warrior and AIA VCC for a/c of AIA Opportunities Fund - Venture Capital 2021 ("AIA VCC"). On 23 November 2021, the JV Group allotted and issued 81,735,522 ordinary shares to ZhongAn Technology at RMB344,867,832 (equivalent to approximately HK\$419,696,000) for cash; 74,212,258 ordinary shares to the Company at RMB313,124,819 (equivalent to approximately HK\$381,580,000) for cash; 15,145,358 ordinary shares to Warrior at RMB63,903,021 (equivalent to approximately HK\$77,768,000) for cash; and 75,726,794 ordinary shares to AIA VCC at RMB319,515,122 (equivalent to approximately HK\$388,842,000) for cash. The considerations were paid in cash.

On 2 March 2022, the JV Co allotted and issued 105,088,530 ordinary shares to ZhongAn Technology at RMB439,392,589 (equivalent to approximately HK\$544,464,000) for cash. The considerations were paid in cash.

On 14 September 2022, the JV Co allotted and issued 156,060,606 ordinary shares to the Company at RMB711,894,800 (equivalent to approximately HK\$806,490,000) for cash. The consideration was paid in cash.

36. Redeemable preference shares

	Number of shares	Total HK\$'000
At 1 January 2020	1,288,271,500	1,480,721
Redemption of redeemable preference shares	(i) <u>(480,000,000)</u>	<u>(542,012)</u>
At 31 December 2020 and 1 January 2021	808,271,500	938,709
Issue of redeemable preference shares	(ii) 500,000,000	600,197
Redemption of redeemable preference shares	(iii) <u>(404,135,750)</u>	<u>(491,714)</u>
At 31 December 2021 and 1 January 2022	904,135,750	1,047,192
Redemption of redeemable preference shares	(iv) <u>(904,135,750)</u>	<u>(1,047,192)</u>
At 31 December 2022	<u>—</u>	<u>—</u>

During the years ended 31 December 2020, 2021 and 2022, the JV Co issued and redeemed the following redeemable preference shares:

- (i) On 16 January 2020, 480,000,000 redeemable preference shares held by the Company were redeemed.
- (ii) On 3 May 2021, the JV Co issued to the Company 500,000,000 redeemable preference shares at a total consideration of RMB500,000,000 (equivalent to approximately HK\$600,197,000).
- (iii) On 25 October 2021, 404,135,750 redeemable preference shares held by Warrior were redeemed.

- (iv) On 4 March 2022, 404,135,750 redeemable preference shares held by Warrior were redeemed. On 13 May 2022, 250,000,000 redeemable preference shares held by the Company were redeemed. On 9 September 2022, 250,000,000 redeemable preference shares held by the Company were redeemed.

The redeemable preference shares have no fixed maturity and redeemable at the JV Co's discretion. In the event an return of capital, liquidation, dissolution or winding-up of the JV Co, the holders of redeemable preference shares shall be entitled to receive in cash, the amount of contribution attributable to the then issued and outstanding redeemable preference shares together with the yield amount as at the date of abovementioned events.

37. FINANCIAL LIABILITY AT FVPL

JV Group

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Derivative liability	—	—	72,062

JV Co

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Derivative liability	—	—	72,062

38. Share-based payments

(i) *Subsidiary Share Option Schemes*

The JV Co and its subsidiaries, being ZA Life Limited (“ZA Life”) and ZA Tech Global, each adopted a subsidiary share option scheme (each and collectively referred to as “Subsidiary Share Option Schemes”) with the approval of the extraordinary general meeting of shareholders of ZAOIL on 29 December 2020. The purpose for each of the Subsidiary Share Option Schemes is to enable the JV Co, ZA Life and ZA Tech Global to grant share options on the shares of the JV Co, ZA Life and ZA Tech Global, respectively, to their respective eligible participants (the “Grantees”) as incentives or rewards for their contribution to the growth of the JV Group and to provide the JV Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the respective eligible participants of the Subsidiary Share Option Schemes.

The board of directors of the JV Co, ZA Life and ZA Tech Global (or through its administration committee) shall respectively determine the exercise price for the share option of the JV Co, ZA Life and ZA Tech Global with reference to the respective net asset value per underlying share of the JV Co, ZA Life and ZA Tech Global at the time of grant.

The vesting of the share options under each of the Subsidiary Share Option Schemes shall be subject to the fulfillment of all terms and conditions for the grant of such share options made to the Grantees as set out in the relevant offer letter provided that (a) the grantee shall be continuously employed through the vesting date, the awarded share options shall vest in accordance with the vesting schedule as stipulated in the relevant offer lettered in the offer letter; and (b) other conditions (if any) as determined by the respective board of directors of the JV Co, ZA Life and ZA Tech Global in its absolute discretion.

The maximum aggregate number of shares of the JV Co, ZA Life and ZA Tech Global which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Subsidiary Share Option Scheme must not exceed 10% of the issued share capital of the JV Co, ZA Life and ZA Tech Global respectively ("Scheme Limit") as at the adoption date of the respective Subsidiary Share Option Scheme, subject to adjustment in the event of specified capitalisation events from time to time as described in the Subsidiary Share Option Schemes.

As at 31 December 2022, options representing the right to subscribe for a total of 143,473,270, 35,161,900 and 2,516,000 shares of the JV Co, ZA Life and ZA Tech Global respectively were still outstanding under the Subsidiary Share Option Schemes which represents approximately 6.83%, 3.52% and 8.39% of the issued ordinary shares of the JV Co, ZA Life and ZA Tech Global on the adoption date of the Subsidiary Share Option Schemes.

The Subsidiary Share Option Schemes shall be valid and effective for a period of 10 years commencing from the approval of the Subsidiary Share Option Schemes.

On 30 December 2020, the JV Co, ZA Life and ZA Tech Global granted 109,951,100, 27,484,500 and 2,268,000 share options respectively to the Grantees ("First Batch"). On 25 June 2021, the JV Co, ZA Life and ZA Tech Global granted 43,918,370, 840,000 and 762,000 share options respectively to the Grantees ("Second Batch"). On 20 January 2022, the JV Co granted 12,280,000 share options to the Grantees ("Third Batch"). On 8 April 2022, ZA Life granted 12,062,900 share options to the Grantees ("Fourth Batch").

Based on fair value of the underlying shares, the directors have used binomial pricing model to determine the fair value of the share options as of the grant date.

(a) *JV Co*

Set out below are summaries of options granted under the plan and outstanding:

	Average exercise price per share option HK\$	Number of options
As at 1 January 2020	—	—
Granted during the year	<u>1.34</u>	<u>109,951,100</u>
As at 31 December 2020 and 1 January 2021		
Granted during the year	1.34	43,918,370
Exercised during the year	1.34	(127,050)
Forfeited during the year	<u>1.34</u>	<u>(8,429,600)</u>
As at 31 December 2021 and 1 January 2022	1.34	145,312,820
Granted during the year	1.50	12,280,000
Exercised during the year	1.34	(770,600)
Forfeited during the year	<u>1.35</u>	<u>(13,348,950)</u>
As at 31 December 2022	<u><u>1.35</u></u>	<u><u>143,473,270</u></u>
Vested and exercisable as at		
- 31 December 2020	1.34	20,301,400
- 31 December 2021	1.34	37,475,575
- 31 December 2022	<u><u>1.35</u></u>	<u><u>66,408,768</u></u>

There are no expiry of share options during the years ended 31 December 2020, 2021 and 2022.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	31 December 2020	31 December 2021	31 December 2022
31 December 2020	30 December 2030	HK\$1.34	109,951,100	101,794,450	95,905,500
25 June 2021	24 June 2031	HK\$1.34	—	43,518,370	35,767,770
20 January 2022	19 January 2032	HK\$1.50	—	—	11,800,000
Total			<u>109,951,100</u>	<u>145,312,820</u>	<u>143,473,270</u>

Weighted average remaining contractual life of options outstanding at end of year	10 years	9.15 years	8.22 years
---	----------	------------	------------

(b) *ZA Life*

Set out below are summaries of options granted under the plan and outstanding:

	Average exercise price per share option HK\$	Number of options
As at 1 January 2020	—	—
Granted during the year	<u>1.17</u>	<u>27,484,500</u>
As at 31 December 2020 and 1 January 2021	1.17	27,484,500
Granted during the year	1.17	840,000
Forfeited during the year	<u>1.17</u>	<u>(2,475,000)</u>
As at 31 December 2021 and 1 January 2022	1.17	25,849,500
Granted during the year	1.31	12,062,900
Forfeited during the year	<u>1.17</u>	<u>(2,750,500)</u>
As at 31 December 2022	<u>1.22</u>	<u>35,161,900</u>
Vested and exercisable as at		
- 31 December 2020	1.17	5,512,250
- 31 December 2021	1.17	10,386,563
- 31 December 2022	<u>1.22</u>	<u>14,526,875</u>

There are no exercise or expiry of share options during the years ended 31 December 2020, 2021 and 2022.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	31	31	31
			December 2020	December 2021	December 2022
31 December 2020	30 December 2030	HK\$1.17	27,484,500	25,009,500	22,659,000
25 June 2021	24 June 2031	HK\$1.17	—	840,000	440,000
8 April 2022	7 April 2032	HK\$1.31	—	—	12,062,900
Total			<u>27,484,500</u>	<u>25,849,500</u>	<u>35,161,900</u>

Weighted average remaining contractual life of options outstanding at end of year	10 years	9.03 years	8.45 years
---	----------	------------	------------

(c) *ZA Tech Global*

Set out below are summaries of options granted under the plan and outstanding:

	Average exercise price per share option HK\$	Number of options
As at 1 January 2020	—	—
Granted during the year	<u>9.40</u>	<u>2,268,000</u>
As at 31 December 2020 and 1 January 2021	9.40	2,268,000
Granted during the year	9.40	762,000
Exercise during the year	9.40	(102,500)
Forfeited during the year	<u>9.40</u>	<u>(47,500)</u>
As at 31 December 2021 and 1 January 2022	9.40	2,880,000
Granted during the year	—	—
Exercise during the year	9.40	(5,000)
Forfeited during the year	<u>9.40</u>	<u>(359,000)</u>
As at 31 December 2022	<u>9.40</u>	<u>2,516,000</u>
Vested and exercisable as at		
- 31 December 2020	9.40	561,000
- 31 December 2021	9.40	719,250
- 31 December 2022	<u>9.40</u>	<u>1,241,500</u>

There are no expiry of share options during the years ended 31 December 2020, 2021 and 2022.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Share options 31 December 2020	Share options 31 December 2021	Share options 31 December 2022
31 December 2020	30 December 2030	HK\$9.40	2,268,000	2,118,000	1,959,000
25 June 2021	24 June 2031	HK\$9.40	—	762,000	557,000
Total			<u>2,268,000</u>	<u>2,880,000</u>	<u>2,516,000</u>
Weighted average remaining contractual life of options outstanding at end of year			10 years	9.13 years	8.12 years

Fair value of share options granted

First Batch key assumptions of the JV Co and its subsidiaries are set out as below:

	JV Co	ZA Life	ZA Tech Global
Dividend rate (%)	0.00	0.00	0.00
Volatility (%)	26.81	30.00	50.00
Risk free interest rate (%)	0.54	0.54	0.54
Life of options (in years)	10	10	10
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	0.71	0.81	9.74
Exercise price (in HKD)	1.34	1.17	9.40

Second Batch key assumptions of the JV Co and its subsidiaries are set out as below:

	JV Co	ZA Life	ZA Tech Global
Dividend rate (%)	0.00	0.00	0.00
Volatility (%)	39.62	30.00	50.00
Risk free interest rate (%)	1.12	1.12	1.12
Life of options (in years)	10	10	10
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	1.53	0.77	10.96
Exercise price (in HKD)	1.34	1.17	9.40

Third Batch key assumptions of the JV Co and its subsidiaries are set out as below:

	JV Co	ZA Life	ZA Tech Global
Dividend rate (%)	0.00	N/A	N/A
Volatility (%)	42.57	N/A	N/A
Risk free interest rate (%)	1.62	N/A	N/A
Life of options (in years)	10	N/A	N/A
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	4.56	N/A	N/A
Exercise price (in HKD)	1.50	N/A	N/A

Fourth Batch key assumptions of the JV Co and its subsidiaries are set out as below:

	JV Co	ZA Life	ZA Tech Global
Dividend rate (%)	N/A	0.00	N/A
Volatility (%)	N/A	30.00	N/A
Risk free interest rate (%)	N/A	2.48	N/A
Life of options (in years)	N/A	10	N/A
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	N/A	0.66	N/A
Exercise price (in HKD)	N/A	1.3091	N/A

The total expenses recognised in the consolidated statements of comprehensive income for Subsidiary Share Option Schemes is disclosed in note 13.

(ii) Subsidiary Restricted Share Unit Schemes

The JV Co and its subsidiaries, being ZA Tech Global, each adopted a subsidiary restricted share unit scheme (each and collectively referred to as “Subsidiary Restricted Share Unit Schemes”) with the approval of the general meeting of shareholders of the JV Co on 15 September 2020 and the approval of the general meeting of shareholders of ZA Tech Global on 24 June 2021 respectively.

The purpose for each of the Subsidiary Restricted Share Unit Schemes is to enable the JV Co and ZA Tech Global to grant restricted shares units (“RSUs”) of the JV Co and ZA Tech Global, respectively, to their respective eligible participants (the “RSU Grantees”) as incentives or rewards for their contribution to the growth of the JV Group and to provide the JV Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the respective eligible participants of the Subsidiary Restricted Share Unit Schemes.

The board of directors of the JV Co and ZA Tech Global (or through its administration committee) shall respectively determine the consideration of the RSUs (“Grant Price”) of the JV Co and ZA Tech Global at the time of grant.

The vesting of the RSUs under each of the Subsidiary Restricted Share Unit Schemes shall be subject to the fulfillment of all terms and conditions for the grant of such RSUs made to the RSU Grantees as set out in the relevant offer letter provided that (a) the grantee shall be continuously employed through the vesting date, the awarded RSUs shall vest in accordance with the vesting schedule as stipulated in the relevant offer letter; and (b) other conditions (if any) as determined by the respective board of directors of the JV Co and ZA Tech Global in its absolute discretion. The maximum outstanding number of shares of the JV Co and ZA Tech Global which may be allotted and issued under the respective Restricted Share Unit Scheme must not exceed 10% of the issued share capital of the JV Co and ZA Tech Global respectively (“RSU Scheme Limit”) as at the adoption date of the respective Subsidiary Restricted Share Unit Scheme, subject to adjustment in the event of specified capitalization events from time to time as described in the Subsidiary Restricted Share Unit Schemes.

As at 31 December 2022, a total of 97,635,000 and 538,000 shares of the JV Co and ZA Tech Global respectively were still outstanding and may be allotted and issued under the Subsidiary Restricted Share Unit Schemes which represents approximately 4.65% and 1.79% of the issued ordinary shares of the JV Co and ZA Tech Global on the adoption date of the Subsidiary Restricted Share Unit Schemes.

The Subsidiary Restricted Share Unit Schemes shall be valid and effective for a period of 10 years commencing from the respective adoption date of the Subsidiary Restricted Share Unit Schemes.

On 25 June 2021, ZA Tech Global granted 588,000 RSUs to the RSU Grantees ("First Batch RSU"). On 8 April 2022, the JV Co granted 73,205,000 RSUs to the RSU Grantees ("Second Batch RSU"). On 1 October 2022, the JV Co granted 20,400,000 RSUs to the RSU Grantees ("Third Batch RSU"). On 1 December 2022, the JV Co granted 8,230,000 RSUs to the RSU Grantees ("Fourth Batch RSU").

Based on fair value of the underlying shares, the directors have used binominal pricing model to determine the fair value of the RSUs as of the grant date.

(a) *JV Co*

Set out below are summaries of RSUs granted under the plan and outstanding:

	Average Grant Price per RSU HK\$	Number of RSUs
As at 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021 and 1 January 2022	—	—
Granted during the year	1.50	101,835,000
Forfeited during the year	1.50	(4,200,000)
As at 31 December 2022	<u>1.50</u>	<u>97,635,000</u>
Vested and exercisable as at		
- 31 December 2020	—	—
- 31 December 2021	—	—
- 31 December 2022	<u>—</u>	<u>—</u>

There are no exercise or expiry of RSUs during the years ended 31 December 2020, 2021 and 2022.

RSUs outstanding at the end of the year have the following expiry date and Grant Prices:

Grant date	Expiry date	Grant price	31 December 2020	31 December 2021	31 December 2022
8 April 2022	7 April 2032	HK\$1.50	—	—	69,005,000
1 October 2022	30 September 2032	HK\$1.50	—	—	20,400,000
1 December 2022	30 November 2032	HK\$1.50	—	—	8,230,000
Total			<u>—</u>	<u>—</u>	<u>97,635,000</u>

Weighted average remaining contractual life of RSUs outstanding at end of year	N/A	N/A	9.44 years
---	-----	-----	------------

(b) *ZA Tech Global*

Set out below are summaries of RSUs granted under the plan and outstanding:

	Average Grant Price per RSU HK\$	Number of RSUs
As at 1 January 2020, 31 December 2020 and 1 January 2021	—	—
Granted during the year	9.40	588,000
As at 31 December 2021 and 1 January 2022	9.40	588,000
Exercised during the year	9.40	(5,000)
Forfeited during the year	9.40	(45,000)
As at 31 December 2022	9.40	538,000
Vested and exercisable as at		
- 31 December 2020	—	—
- 31 December 2021	—	—
- 31 December 2022	9.40	134,500

There are no exercise or expiry of RSUs during the years ended 31 December 2020, 2021 and 2022.

RSUs outstanding at the end of the year have the following expiry date and Grant Prices:

Grant date	Expiry date	Grant price	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022
25 June 2021	24 June 2031	HK\$9.40	—	588,000	538,000
Weighted average remaining contractual life of RSUs outstanding at end of year			N/A	9.49 years	8.49 years

Fair value of RSUs granted

First Batch RSU key assumptions of the JV Co and its subsidiaries are set out as below:

	JV Co	ZA Tech Global
Dividend rate (%)	N/A	0.00
Volatility (%)	N/A	50.00
Risk free interest rate (%)	N/A	1.12
Life of RSUs (in years)	N/A	10
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	N/A	10.96
Grant Price (in HKD)	N/A	9.40

Second Batch RSU key assumptions of the JV Co and its subsidiaries are set out as below:

	JV Co	ZA Tech Global
Dividend rate (%)	0.00	N/A
Volatility (%)	41.63	N/A
Risk free interest rate (%)	2.48	N/A
Life of RSUs (in years)	10	N/A
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	3.29	N/A
Grant Price (in HKD)	1.50	N/A

Third Batch RSU key assumptions of the JV Co and its subsidiaries are set out as below:

	JV Co	ZA Tech Global
Dividend rate (%)	0.00	N/A
Volatility (%)	43.32	N/A
Risk free interest rate (%)	3.57	N/A
Life of RSUs (in years)	10	N/A
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	5.16	N/A
Grant Price (in HKD)	1.50	N/A

Fourth Batch RSU key assumptions of the JV Co and its subsidiaries are set out as below:

	JV Co	ZA Tech Global
Dividend rate (%)	0.00	N/A
Volatility (%)	43.32	N/A
Risk free interest rate (%)	3.45	N/A
Life of RSUs (in years)	10	N/A
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	5.15	N/A
Grant Price (in HKD)	1.50	N/A

The total expenses recognised in the consolidated statements of comprehensive income for Subsidiary Restricted Share Unit Schemes is disclosed in note 13.

39. Note to consolidated statements of cash flows

(i) Reconciliation from loss before income tax to cash generated from/(used in) operating activities

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Loss before income tax	(609,805)	(849,113)	(591,941)
Adjustment for:			
Depreciation for property and equipment	7,556	9,105	13,533
Amortisation for intangible assets	4,296	8,220	14,364
Depreciation for right-of-use assets	9,640	9,958	18,467
Loss on disposal of property and equipment and right-of-use assets	495	—	(13)
Interest expenses arising from lease liabilities	1,039	680	2,384
Foreign exchange gains	(342)	(564)	(52,699)
Net investment (income) / loss	(6,130)	9,296	260,668
Employee share options	3,499	17,500	95,677
Share of net loss from associates	33,953	17,066	21,510
Service fee income from related parties	(13,950)	—	(38,807)
Changes in expected credit losses on financial assets	14,157	49,496	63,422
Gain on disposal of subsidiaries	—	—	(128,268)
Gain on disposal of associates	—	—	(367,200)
Changes in operating assets and liabilities:			
Increase in trade and other receivables	(70,448)	(93,259)	(73,677)
(Increase) / decrease in interest receivables	(39,413)	(3,156)	—
(Increase) / decrease in placement with and advances to banks original maturity after three months	(863,000)	315,659	498,192
Increase in loans and advances to customers	(682,803)	(1,866,718)	(2,399,001)
Increase in premium receivables	(13)	(58)	(50)
Increase in reinsurance assets	(2,327)	(2,963)	(923)
Increase in reinsurers' share of provision for outstanding claims	—	(1,214)	(20,733)
Increase in other assets	(26,447)	(1,032)	(26,555)
Increase in trade payables and other liabilities	121,360	190,031	85,386
Increase in contract liabilities	14,780	7,380	19,086
Increase in reinsurance premium payables	330	1,167	7,117
Increase in insurance contract liabilities	49,488	130,836	120,293
Increase in the amount due to related parties	253,610	467,211	62,307
Increase in deposits from customers	5,986,006	954,563	2,190,739
Cash generated from/(used in) operating activities	4,185,531	(629,909)	(226,722)

(ii) Non-cash investing activities

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Acquisition of investments accounted for using the equity method with non-cash consideration	—	—	20,077
Prepayment for investments accounted for using the equity method with non-cash consideration	—	—	23,925
Non-cash capital contribution	13,950	—	3,524
Disposal of associates with non-cash consideration	—	—	368,232
Addition of right-of-use assets	6,777	6,722	121,488

(iii) Reconciliation of liabilities from financing activities

	Leases	Total
	HK\$'000	HK\$'000
Balance as at 1 January 2020	(22,194)	(22,194)
Cash flows	11,370	11,370
Addition of new lease liabilities	(6,777)	(6,777)
Foreign exchange adjustments	167	167
Other changes	711	711
Balance as at 31 December 2020 and 1 January 2021	(16,723)	(16,723)
Cash flows	8,544	8,544
Addition of new lease liabilities	(6,722)	(6,722)
Foreign exchange adjustments	3,159	3,159
Interest expense	(680)	(680)
Balance as at 31 December 2021 and 1 January 2022	(12,422)	(12,422)
Cash flows	21,910	21,910
Addition of new lease liabilities	(112,973)	(112,973)
Lease modification	1,490	1,490
Derecognition of lease liabilities	2,257	2,257
Disposal of subsidiaries	3,639	3,639
Foreign exchange adjustments	1,772	1,772
Interest expense	(2,384)	(2,384)
Balance as at 31 December 2022	(96,711)	(96,711)

Note: The reconciliation for financial liability at FVPL is disclosed in note 3.3(i).

40. Reserve movement of the JV Co

	Accumulated losses HK\$'000	Reserves HK\$'000
Balance at 1 January 2020	(269,459)	—
Profit for the year	35,724	—
Redemption of redeemable preference shares	(36,014)	—
Employee share options	—	868
	<u> </u>	<u> </u>
Balance at 31 December 2020 and 1 January 2021	(269,749)	868
Loss for the year	(22,053)	—
Redemption of redeemable preference shares	(77,265)	—
Employee share options	—	9,669
Exercise of share options	—	170
	<u> </u>	<u> </u>
Balance at 31 December 2021 and 1 January 2022	(369,067)	10,707
Loss for the year	(74,800)	—
Change in the fair value of debt instruments measured at FVOCI	—	171
Redemption of redeemable preference shares	(141,468)	—
Share based payments	—	63,297
Exercise of share options	768	(768)
Lapse of share options	—	(348)
	<u> </u>	<u> </u>
Balance at 31 December 2022	<u>(584,567)</u>	<u>73,059</u>

41. Benefit and interest of the Directors of the JV Co

During the years ended 31 December 2020, 2021 and 2022, except as disclosed below, no other emoluments, retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors of the JV Co. No consideration was provided to or receivable by third parties for making available directors' services during the years ended 31 December 2020, 2021 and 2022. There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities during the years ended 31 December 2020, 2021 and 2022.

No director of the JV Co had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the JV Co's business to which the JV Co was or is a party that subsisted at the end of the year or at any time during the years ended 31 December 2020, 2021 and 2022.

Directors' emoluments

The aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the JV Co or its subsidiary undertaking, pursuant to section 383 of the Hong Kong Companies Ordinance (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap.622G) were set out below:

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Salaries	3,771	10,016	7,643
Bonus and pension	10	2,361	6,061
Other benefits	1,633	2,858	20,118
	<u>5,414</u>	<u>15,235</u>	<u>33,822</u>

42. Commitments

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Credit commitments with an original maturity of:			
- 1 year or over	—	75,116	14,500
- unconditionally cancellable	30,000	114,021	330,694
	30,000	189,137	345,194
Capital commitments:			
- Subscription of preference shares of an unlisted company	—	—	23,400
- Non-cash capital injection to an investment accounted under equity method	—	—	54,600
	<u>30,000</u>	<u>189,137</u>	<u>423,194</u>

43. Dividends

No dividend was paid or proposed for the years ended 31 December 2020, 2021 and 2022.

44. Disposal of subsidiaries*Disposal of ZA Tech Japan Inc.*

On 26 January 2022, ZA Tech Global entered into a share purchase agreement with Softbank Corp. to sell 400 ordinary shares of ZA Tech Japan Inc., representing 100% of the issued and outstanding shares of ZA Tech Japan Inc. to Softbank Corp. with a total consideration of JPY1,731,370,000 (equivalent to approximately HK\$116,867,000). The transaction was completed on 1 February 2022.

The assets and liabilities of ZA Tech Japan Inc. as at the date of disposal were as follow:

	<i>HK\$'000</i>
Plant and equipment	1,484
Right-of-use assets	3,051
Trade and other receivables	15,471
Other assets	2,334
Bank balances and cash	402
Trade payables and other liabilities	(8,910)
Contract liabilities	(10,193)
Lease liabilities	<u>(3,639)</u>
Net assets disposed of	—
Release of reserve upon disposal of subsidiary	3,659
Consideration received	<u>116,867</u>
Gain on disposal	<u><u>120,526</u></u>
Satisfied by:	<i>HK\$'000</i>
Cash consideration	<u><u>116,867</u></u>
Analysis of the net inflow of cash and cash equivalents from disposal:	<i>HK\$'000</i>
Net cash proceeds	116,867
Cash and cash equivalents disposed of	<u>(402)</u>
Net inflow of cash and cash equivalents	<u><u>116,465</u></u>

During the year ended 31 December 2022, ZA Tech Japan Inc. contributed approximately revenue of HK\$8,344,000 and loss of HK\$501,000 to the JV Group.

45. Events occurring after the reporting period

On 31 December 2022, ZA Tech Global entered into a subscription agreement with an unlisted company (the "Issuer") pursuant to which ZA Tech Global agreed to subscribed 57,099 convertible preference shares of the Issuer at a total consideration of US\$3,000,000 (equivalent to approximately HK\$23,400,000). The subscription was subsequently paid by cash on 27 February 2023 and 57,099 preference shares were allotted on 2 March 2023.

On 31 May 2023, the JV Co, ZhongAn Technology, the Company, Warrior and AIA VCC entered into the share purchase agreement, pursuant to which the Company conditionally agreed to subscribe for, and the JV Co conditionally agreed to issue and allot a maximum of 96,528,504 new ordinary shares of the JV Co for a total consideration up to US\$63,695,889.84 in cash (approximately HK\$496,828,000).

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the JV Co or any of its subsidiaries in respect of any period subsequent to 31 December 2022 and up to the date of this report. No dividend or distribution has been declared or made by the JV Co or any of its subsidiaries in respect of any period subsequent to 31 December 2022 and up to the date of this report.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON JV CO

Set out below is the management discussion and analysis of JV Co and its subsidiaries (together, the “JV Group”) for each of the three years ended December 31, 2020, 2021 and 2022, which is based on financial information of JV Co as set out in the accountant’s report in Appendix II to this circular.

FOR THE YEAR ENDED DECEMBER 31, 2020

BUSINESS OVERVIEW

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

On March 24, 2020, ZA Bank officially became the first virtual bank in Hong Kong to provide Hong Kong residents with legacy-free banking products and services without time constraints. Unlike the physical operating model of traditional banks, ZA Bank focuses on providing users with banking services 24/7 through the on-stop mobile App. Promoted by the “user participation” concept, ZA Bank encourages users to actively participate in product design and pre-development processes, so as to create products and services that cater for the needs of users. ZA Bank’s featured products and services include: ZA Demand Go, i.e. a deposit product with 1% annual interest rate; loan service with 30-minute commitment; simple and smooth transfer experience; and Visa Card - ZA Card — Hong Kong’s first bank card with customized card number.

In May 2020, ZA Life, the joint venture between the JV Co and Fubon Life Insurance (Hong Kong) Company Limited and a non-wholly owned subsidiary of JV Co, obtained a digital-only insurer license from the Hong Kong Insurance Authority under its Fast Track pilot scheme. Under the business name of ZA Life, it has launched a variety of basic life and medical insurance products, ZA Bank is committed to taking care of users’ comprehensive financial needs.

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

As at December 31, 2020, ZA Bank has gained supports from more than 180,000 users. Between June and December 2020, ZA Bank, as Hong Kong’s first and only virtual bank that supports Hong Kong Government’s Cash Payout Scheme, helped over 80,000 Hong Kong citizens to receive cash through simple and fast digital channels, and allowed more citizens to experience brand-new virtual banking service through the promotional activity “WANT11K Cash Payout Scheme” (唔要一萬我要萬一).

FINANCIAL REVIEW***Revenue and Loss for the Period***

For the year ended December 31, 2020, JV Group had revenue and other income of approximately HK\$325 million. The revenue was mainly attributed to income from implementation services, license services and post-implementation support service to customers of approximately HK\$203 million and interest income of HK\$93 million. The total expenses amounted to HK\$901 million. The expenses mainly comprised of human resources expenses amounting to HK\$518 million, legal and professional fee amounting to HK\$45 million, advertising and promotion expenses amounting to HK\$84 million, information technology expenses amounting to HK\$63 million and rent & property management fee amounting to HK\$22 million. JV Group recorded total comprehensive loss attributable to the owners of JV Co of HK\$490 million.

As the first licensed virtual bank in operations in Hong Kong, ZA Bank has leading advantages in Hong Kong's virtual banking industry. Customers of ZA Bank have attracted more than approximately 220,000 as of December 31, 2020. ZA Bank has attracted over approximately HK\$6.0 billion of personal savings, and used personal loans of approximately HK\$650 million to meet users' financial demands. During its first year of operations, ZA Bank reported net loss of approximately HK\$352 million.

For ZA Life, in 2020, the newly acquired underwritten insurance policies of ZA Life increased by over approximately 35% month-by-month, and the average insured amount for each policy holder was higher than approximately HK\$1.8 million. During its first year of operations, ZA Life reported insurance premium revenue of approximately HK\$2 million and net loss of approximately HK\$160 million.

Revenue from the JV Co's technology export business, conducted through its subsidiary ZA Tech, rose from approximately HK\$110 million for the year ended December 31, 2019 to approximately HK\$210 million for the year ended December 31, 2020. As the technology business remained steady growth and improved profitability, technology export business incurred approximately HK\$118 million losses in total for the year ended December 31, 2020, increased by approximately HK\$51 million year-on-year.

Liquidity and Financial Resources, Gearing Ratio, Treasury Policy

JV Group primarily funded its operation by its own capital and issuance of ordinary shares. As at December 31, 2020, JV Group's cash and amounts due from banks and other financial institutions were approximately HK\$3,021 million. JV Group did not have any external borrowings, hence the gearing ratio was not applicable. The net assets of JV Group were approximately HK\$2,615 million.

Commitment

Saved as disclosed in note 42 of the accountant's report on JV Co, JV Group did not have other material commitments as at December 31, 2020.

Exchange Exposure

During the year ended December 31, 2020, JV Co operated internationally and is exposed to foreign exchange risk, primarily RMB, JPY and Singaporean Dollar (“SGD”).

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable RMB, JPY and SGD revenue and expenditures. The JV Group does not have a foreign currency hedging policy. However, the directors of the JV Co monitor the JV Group’s foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting appropriate foreign currency hedging policy in the future.

Employee and Remuneration Policy

As at December 31, 2020, JV Group had approximately 518 full-time employees for its principal activities. JV Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided.

Contingent Liabilities

As at December 31, 2020, JV Group did not have any material contingent liabilities.

Significant Investment and Material Acquisition and Disposal

JV Co had no significant investment or material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended December 31, 2020.

Charge on Assets

As at December 31, 2020, none of JV Group’s assets were pledged.

Capital Structure

As at December 31, 2020, JV Group had total liabilities of approximately HK\$6,866 million mainly comprising amount due to related parties. JV Group had a total equity of approximately HK\$2,615 million. During the year ended December 31, 2020, JV Group exercised its rights to redeem 480,000,000 redeemable preference shares held by the Group at consideration of RMB511,894,000 (approximately of HK\$542,012,000).

Future Plans for Material Investment or Capital Assets

As at December 31, 2020, JV Group did not have any plans for material investments and capital assets.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON JV CO

FOR THE YEAR ENDED DECEMBER 31, 2021

BUSINESS OVERVIEW

With its innovative and safe products and services, within just two years of its official opening, ZA Bank has won the trust and support from users, becoming the first virtual bank in Hong Kong. As of December 31, 2021, the number of customers of ZA Bank exceeded 500,000, representing approximately 6% of Hong Kong's population. ZA Bank became the largest virtual bank in Hong Kong in terms of the scale of customers. Meanwhile, the balance of deposits reached HK\$7 billion, and the balance of loans increased by approximately four times year-on-year to approximately HK\$2.5 billion. In addition, ZA Bank is also one of the virtual banks with the most complete local products, providing users with innovative deposit, loan, transfer, consumption, insurance and commercial banking services.

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

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

FINANCIAL REVIEW

Revenue and Loss for the Period

For the year ended December 31, 2021, JV Group had revenue and other income of approximately HK\$687 million. The revenue was mainly attributed to income from implementation services, license services and post-implementation support service to customers of approximately HK\$304 million, interest income of HK\$171 million, insurance premium revenue of HK\$127 million and fee and commission income from banking operations of HK\$88 million. The total expenses amounted to HK\$1,519 million. The expenses mainly comprised of human resources expenses amounting to HK\$769 million, legal and professional fee amounting to HK\$47 million, advertising and promotion expenses amounting to HK\$212 million, information technology expenses amounting to HK\$66 million and rent & property management fee amounting to HK\$33 million. JV Group recorded total comprehensive loss attributable to the owners of JV Co of HK\$797 million.

For the year ended December 31, 2021, ZA Bank reported net loss of approximately HK\$552 million, increased by HK\$200 million year-on-year. The increase was mainly due to ZA Bank's doubling customer base, continuous effort to deepen customer engagement, and ongoing investment in talent and technology. ZA Bank had kept enhancing its products and services to serve customers' holistic financial needs from general banking services to wealth management in future.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON JV CO

In May 2021, ZA Life launched a Standard Plan under Voluntary Health Insurance Scheme named “ZA VHIS”, with the best price in response to customer needs, providing customers with a more comprehensive basic medical protection. In December 2021, ZA Life launched “ZA Savings Insurance”, with a guaranteed average return of up to 2.5% per annum on ZA Bank APP, to help users achieve their financial goals flexibly. The insurance premium revenue increased from approximately HK\$2 million for the year ended December 31, 2020 to approximately HK\$127 million for the year ended December 31, 2021 and the net loss decreased from HK\$160 million for the year ended December 31, 2020 to HK\$84 million for the year ended December 31, 2021.

Revenue from ZA Tech rose from approximately HK\$210 million for the year ended December 31, 2020 to approximately HK\$309 million for the year ended December 31, 2021. As the technology business remained steady growth and improved profitability, technology export business incurred approximately HK\$115 million losses in total for the year ended December 31, 2021, representing a year-on-year decrease of approximately 2%.

Liquidity and Financial Resources, Gearing Ratio, Treasury Policy

JV Group primarily funded its operation by its own capital and issuance of ordinary shares and redeemable preference shares. As at December 31, 2021, JV Co’s cash and amounts due from banks and other financial institutions were approximately HK\$3,104 million. JV Group did not have any external borrowings, hence the gearing ratio was not applicable. The net assets of JV Group were approximately HK\$3,535 million.

Commitment

Saved as disclosed in note 42 of the accountant’s report on JV Co, JV Group did not have other material commitments as at December 31, 2021.

Exchange Exposure

During the year ended December 31, 2021, JV Group operated internationally and is exposed to foreign exchange risk, primarily RMB and Euro (“EUR”).

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable RMB and EUR revenue and expenditures. The JV Group does not have a foreign currency hedging policy. However, the directors of the JV Co monitor the JV Group’s foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting appropriate foreign currency hedging policy in the future.

Employee and Remuneration Policy

As at December 31, 2021, JV Group had approximately 1,038 full-time employees for its principal activities. JV Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON JV CO

Contingent Liabilities

As at December 31, 2021, JV Group did not have any material contingent liabilities.

Significant Investment and Material Acquisition and Disposal

JV Co had no significant investment or material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended December 31, 2021.

Charge on Assets

As at December 31, 2021, none of JV Group's assets were pledged.

Capital Structure

As at December 31, 2021, JV Group had total liabilities of approximately HK\$8,613 million mainly comprising amount due to related parties. JV Group had a total equity of approximately HK\$3,535 million. During the year ended December 31, 2021, the Group has invested RMB500,000,000 (equivalent to HK\$600,197,000) in consideration for 500,000,000 redeemable preference shares of the JV Co, and the JV Co has the right to redeem from the Group all or any portion of the redeemable preference shares within 5 years from the date of issuance. As of December 31, 2021, 500,000,000 redeemable preference shares of JV Co were held by the Group in cash consideration of RMB500,000,000 (equivalent to HK\$600.2 million).

Future Plans for Material Investment or Capital Assets

As at December 31, 2021, JV Group did not have any plans for material investments and capital assets.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON JV CO

FOR THE YEAR ENDED DECEMBER 31, 2022

BUSINESS REVIEW

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

JV Co will continue to establish and improve its target-oriented team management system and cultivate key talents. In addition, JV Co will continue to leverage on the advantage of Hong Kong as an international city to establish a stronghold in Hong Kong. While making strenuous efforts to exploit markets in Hong Kong, Japan and Southeast Asia, JV Co 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.

The management believes, based on JV Co's experiences gained from the Insurtech market in China, it will develop world-leading cloud-based and open-ended insurance industry core platform products, and create hybrid ecosystems integrating traditional insurance industry and internet platforms, with an aim to become the preferred partner for insurance digitalization and financial service provider in the Asia Pacific region.

FINANCIAL REVIEW

Revenue and Loss for the Period

For the year ended December 31, 2022, JV Group had revenue and other income of approximately HK\$1,527 million. The revenue was mainly attributed to income from implementation services, license services and post-implementation support service to customers of approximately HK\$348 million, interest income of HK\$318 million, insurance premium revenue of HK\$407 million, fee and commission income from banking operations of HK\$135 million and net investment gain of HK\$233 million. The total expenses amounted to HK\$2,097 million. The expenses mainly comprised of human resources expenses amounting to HK\$1,028 million, legal and professional fee amounting to HK\$34 million, advertising and promotion expenses amounting to HK\$187 million, information technology expenses amounting to HK\$89 million and rent & property management fee amounting to HK\$34 million. JV Group recorded total comprehensive loss attributable to the owners of JV Co of HK\$973 million.

For the year ended December 31, 2022, ZA Bank reported net loss of approximately HK\$499 million, decreased by HK\$53 million year-on-year. The decrease was mainly due to the diversification of ZA Bank's revenue streams with its expanding suite of innovative products and services, its dedication to enhancing user experience and deepening customer engagement, as well as a data-driven approach to portfolio management. ZA Bank remains committed to its goal of building a fully-fledged digital bank to serve customers' holistic financial needs in the era of "Banking 2.0". This strategy business model should lead ZA Bank to stay on the right track of better profitability.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON JV CO

Since 2021, ZA Life started bancassurance partnership with ZA Bank and launched “ZA Savings Insurance”, this cooperation has been further deepened in 2022 and launched “ZA Voluntary Health Insurance” on the ZA Bank APP to provide fundamental protections for users’ health and wealth. The insurance premium revenue increased from approximately HK\$127 million for the year ended December 31, 2021 to approximately HK\$407 million for the year ended December 31, 2022 and the net loss increased from HK\$84 million for the year ended December 31, 2021 to HK\$108 million for the year ended December 31, 2022.

Revenue from ZA Tech rose from approximately HK\$309 million for the year ended December 31, 2021 to approximately HK\$351 million for the year ended December 31, 2022. The technology business continued to experience steady growth and increased profitability, resulting in a positive shift for technology export business. Specifically, the technology export business recorded a profit of approximately HK\$123 million for the year ended December 31, 2022. This profit was largely due to the exchange of shares in Grab Holdings Limited (“**Grab**”) from the equity interests of certain associates.

Liquidity and Financial Resources, Gearing Ratio, Treasury Policy

JV Group primarily funded its operation by its own capital and issuance of ordinary shares. As at December 31, 2022, JV Group’s cash and amounts due from banks and other financial institutions were approximately HK\$1,387 million. JV Group did not have any external borrowings, hence the gearing ratio was not applicable. The net assets of JV Group were approximately HK\$2,772 million.

Commitment

Saved as disclosed in note 42 of the accountant’s report on JV Co, JV Group did not have other material commitments as at December 31, 2022.

Exchange Exposure

During the year ended December 31, 2022, JV Co operated internationally and is exposed to foreign exchange risk, primarily RMB, JPY, SGD and EUR.

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable RMB, JPY, SGD and EUR revenue and expenditures. The JV Group does not have a foreign currency hedging policy. However, the directors of the JV Co monitor the JV Group’s foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting appropriate foreign currency hedging policy in the future.

Employee and Remuneration Policy

As at December 31, 2022, JV Group had approximately 1,375 full-time employees for its principal activities. JV Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided.

Contingent Liabilities

As at December 31, 2022, JV Group did not have any material contingent liabilities.

Significant Investment and Material Acquisition and Disposal

On 26 January 2022, ZA Tech Global Limited entered into a share purchase agreement with Softbank Corp., to sell 400 ordinary shares of ZA Tech Japan Inc., representing 100% of the issued and outstanding shares of ZA Tech Japan Inc. to Softbank Corp. with a total consideration of JPY1,731,370,000 (equivalent to approximately HK\$116,867,000). The transaction was completed on 1 February 2022.

On 28 January 2022, ZA Tech Global (Cayman) Limited entered into the Swap-Up Agreement with Grab, a company listed on Nasdaq, to transfer 3,400,000 ordinary shares of A3 Holdings Limited to Grab, representing 40% of the issued and outstanding shares of A3 Holdings, in exchange for the issuance and allotment to ZA Tech Global (Cayman) of 8,800,000 Class A ordinary shares in the capital of Grab. As at 28 January 2022, the stock price of Grab was US\$5.51 per share, representing a total consideration of US\$48,488,000.

On 9 May 2022, ZA Tech Global Limited entered into the Swap-Up Agreement with Grab to transfer 120 ordinary shares of PT Visionet Internasional Proteksi to Grab, representing 40% of the issued and outstanding shares of PT Visionet Internasional Proteksi, in exchange for the issuance and allotment of ZA Tech Global (Cayman) Limited of 1,290,032 Class A ordinary shares in the capital of Grab. As at 9 May 2022, the stock price of Grab was US\$2.80 per share, representing a total consideration of US\$3,612,000.

Saved as disclosed above, JV Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended December 31, 2022.

Charge on Assets

As at December 31, 2022, none of JV Group's assets were pledged.

Capital Structure

As at December 31, 2022, JV Group had total liabilities of approximately HK\$11,129 million mainly comprising amount due to related parties. JV Group had a total equity of approximately HK\$2,772 million. During the year ended December 31, 2022, JV Group exercised its rights to redeem 500,000,000 redeemable preference shares held by the Group at consideration of RMB500,000,000 (approximately of HK\$548,141,000).

Future Plans for Material Investment or Capital Assets

As at December 31, 2022, JV Group did not have any plans for material investments and capital assets.

**(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP UPON
COMPLETION OF THE ADDITIONAL SINOLINK SUBSCRIPTION**

The following unaudited pro forma financial information of the Group upon completion of the additional capital contribution to ZhongAn Technologies International Group Limited (“Additional Sinolink Subscription”) (the “Unaudited Pro Forma Financial Information”) has been prepared on the basis of the notes set out below and in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effects of the Additional Sinolink Subscription had taken place on (i) 31 December 2022 for the unaudited pro forma consolidated statement of financial position of the Group and (ii) 1 January 2022 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Group for the year ended 31 December 2022, respectively.

The Unaudited Pro Forma Financial Information has been prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 December 2022, the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2022 and the audited consolidated statement of cash flow of the Group for the year ended 31 December 2022 as set out in its published annual report for the year ended 31 December 2022; and (ii) the pro forma adjustments prepared to reflect the effects of Additional Sinolink Subscription as explained in the notes set out below that are directly attributable to the Additional Sinolink Subscription and not relating to future events or decisions and are factually supportable.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information contained in this Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors of the Company for illustrative purposes only and is based on a number of assumptions, estimates and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the financial position, financial performance and cash flows of the Group had the Additional Sinolink Subscription been completed as at 31 December 2022 or 1 January 2022, where applicable, or any future date.

**APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE GROUP UPON
COMPLETION OF THE ADDITIONAL SINOLINK SUBSCRIPTION**

**(I) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE GROUP AS AT 31 DECEMBER 2022**

	The Group as at 31 December 2022	Pro forma adjustments for the Additional Sinolink Subscription		The Group upon completion of the Additional Sinolink Subscription
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 1(a)</i>	<i>Note 2</i>	<i>Note 3</i>	
ASSETS				
Non-current assets				
Property, plant and equipment	227,443	—	—	227,443
Investment properties	2,574,020	—	—	2,574,020
Interests in associates/ Investments accounted for using the equity method	1,796,739	496,828	2,860	2,296,427
Loan receivables	53,258	—	—	53,258
Equity instruments at FVTOCI	1,883,175	—	—	1,883,175
Other financial assets at FVTPL	340,051	—	—	340,051
Other receivables	231,618	—	—	231,618
Deferred tax assets	7,925	—	—	7,925
Pledged bank deposits	1,164,726	—	—	1,164,726
Bank deposits	<u>693,729</u>	<u>—</u>	<u>—</u>	<u>693,729</u>
	<u>8,972,684</u>	<u>496,828</u>	<u>2,860</u>	<u>9,472,372</u>
Current assets				
Stock of properties	873,634	—	—	873,634
Trade and other receivables, deposits and prepayments	44,975	—	—	44,975
Loan receivables	458,629	—	—	458,629
Other financial assets at FVTPL	8,573	—	—	8,573
Cash and cash equivalents	<u>846,107</u>	<u>(496,828)</u>	<u>(2,860)</u>	<u>346,419</u>
	<u>2,231,918</u>	<u>(496,828)</u>	<u>(2,860)</u>	<u>1,732,230</u>

APPENDIX IV
**PRO FORMA FINANCIAL INFORMATION OF THE GROUP UPON
COMPLETION OF THE ADDITIONAL SINOLINK SUBSCRIPTION**

	The Group as at 31 December 2022	Pro forma adjustments for the Additional Sinolink Subscription		The Group upon completion of the Additional Sinolink Subscription
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 1(a)</i>	<i>Note 2</i>	<i>Note 3</i>	
LIABILITIES				
Current liabilities				
Trade payables, deposits received and accrued charges	428,281	—	—	428,281
Contract liabilities	9,966	—	—	9,966
Income tax payable	758,890	—	—	758,890
Borrowings	1,153,600	—	—	1,153,600
Lease liabilities	1,844	—	—	1,844
	<u>2,352,581</u>	<u>—</u>	<u>—</u>	<u>2,352,581</u>
Net current liabilities	<u>(120,663)</u>	<u>(496,828)</u>	<u>(2,860)</u>	<u>(620,351)</u>
Total assets less current liabilities	<u>8,852,021</u>	<u>—</u>	<u>—</u>	<u>8,852,021</u>
Non-current liabilities				
Lease liabilities	7,274	—	—	7,274
Deferred tax liabilities	824,359	—	—	824,359
Total liabilities	<u>831,633</u>	<u>—</u>	<u>—</u>	<u>831,633</u>
Net assets	<u>8,020,388</u>	<u>—</u>	<u>—</u>	<u>8,020,388</u>
Capital and reserves				
Share capital	637,400	—	—	637,400
Reserves	6,026,901	—	—	6,026,901
Equity attributable to owners of the Company	6,664,301	—	—	6,664,301
Non-controlling interests	1,356,087	—	—	1,356,087
	<u>8,020,388</u>	<u>—</u>	<u>—</u>	<u>8,020,388</u>

**APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE GROUP UPON
COMPLETION OF THE ADDITIONAL SINOLINK SUBSCRIPTION**

**(II) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME OF THE GROUP FOR THE YEAR ENDED 31
DECEMBER 2022**

	The Group for the year ended 31 December 2022	Pro forma adjustments for the Additional Sinolink Subscription	The Group upon completion of the Additional Sinolink Subscription
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 1(b)</i>	<i>Note 4</i>	
Revenue			
Interest income	25,587	—	25,587
Rental income	176,349	—	176,349
Other revenue from contracts with customers	<u>178,445</u>	<u>—</u>	<u>178,445</u>
Total revenue	380,381	—	380,381
Cost of sales	<u>(153,487)</u>	<u>—</u>	<u>(153,487)</u>
Gross profit	226,894	—	226,894
Other income	130,516	—	130,516
Selling expenses	(3,633)	—	(3,633)
Administrative expenses	(133,794)	—	(133,794)
Other losses, net	(33,574)	—	(33,574)
Fair value loss of investment properties	(11,472)	—	(11,472)
Net impairment loss on financial assets	(20,779)	—	(20,779)
Fair value losses on other financial assets at fair value through profit or loss (“FVTPL”), net	(109,420)	—	(109,420)
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/Gain on dilution of interests in investments accounted for using the equity method	183,629	—	183,629
Share of results of associates/Share of results of investments accounted for using the equity method	(60,881)	(21,156)	(82,037)
Finance costs	<u>(46,006)</u>	<u>—</u>	<u>(46,006)</u>
Loss before taxation	(80,691)	(21,156)	(101,847)
Income tax expense	<u>(39,080)</u>	<u>—</u>	<u>(39,080)</u>
Loss for the year	<u><u>(119,771)</u></u>	<u><u>(21,156)</u></u>	<u><u>(140,927)</u></u>

**APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE GROUP UPON
COMPLETION OF THE ADDITIONAL SINOLINK SUBSCRIPTION**

	The Group for the year ended 31 December 2022	Pro forma adjustments for the Additional Sinolink Subscription	The Group upon completion of the Additional Sinolink Subscription
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 1(b)</i>	<i>Note 4</i>	
Loss for the year attributable to:			
Owners of the Company	(143,388)	(21,156)	(164,544)
Non-controlling interests	<u>23,617</u>	<u>—</u>	<u>23,617</u>
	<u>(119,771)</u>	<u>(21,156)</u>	<u>(140,927)</u>
Other comprehensive expense			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency	(755,491)	—	(755,491)
Fair value losses on equity instruments at fair value through other comprehensive income (“FVTOCI”), net of tax	(240,618)	—	(240,618)
Share of exchange differences on translation from functional currency to presentation currency of associates/Share of exchange differences on translation from functional currency to presentation currency of investments accounted for using the equity method	(2,000)	(84)	(2,084)
Share of fair value loss on equity instruments at FVTOCI of associates/Share of fair value loss on equity instruments at FVTOCI of investments accounted for using the equity method, net of tax	<u>(142,078)</u>	<u>(13,018)</u>	<u>(155,096)</u>
Other comprehensive expense for the year, net of tax	<u>(1,140,187)</u>	<u>(13,102)</u>	<u>(1,153,289)</u>
Total comprehensive expense for the year	<u>(1,259,958)</u>	<u>(34,258)</u>	<u>(1,294,216)</u>
Total comprehensive expense attributable to:			
Owners of the Company	(1,130,095)	(34,258)	(1,163,353)
Non-controlling interests	<u>(129,863)</u>	<u>—</u>	<u>(129,863)</u>
	<u>(1,259,958)</u>	<u>(34,258)</u>	<u>(1,294,216)</u>

APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE GROUP UPON COMPLETION OF THE ADDITIONAL SINOLINK SUBSCRIPTION

(III) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2022

	The Group for the year ended 31 December 2022	Pro forma adjustments for the Additional Sinolink Subscription		The Group upon completion of the Additional Sinolink Subscription
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 1(c)</i>	<i>Note 2</i>	<i>Note 3</i>	
Cash flows from operating activities				
Cash generated from operations	47,955	—	—	47,955
Income taxes paid	(70,008)	—	—	(70,008)
Interest received from financing services business	10,685	—	—	10,685
Net cash used in operating activities	(11,368)	—	—	(11,368)
Cash flows from investing activities				
Interest income received	55,786	—	—	55,786
Dividend received	6,828	—	—	6,828
Placement of bank deposits	(666,860)	—	—	(666,860)
Withdrawal of bank deposits	127,215	—	—	127,215
Placement of structured deposits	(74,160)	—	—	(74,160)
Withdrawal of structured deposits	365,186	—	—	365,186
Placement of pledged bank deposits	(323,870)	—	—	(323,870)
Proceeds from disposal of property, plant and equipment	565	—	—	565
Purchase of property, plant and equipment	(3,953)	—	—	(3,953)
Investment in associates/Investment in investments accounted for using the equity method	(806,490)	(496,828)	(2,860)	(1,306,178)
Advances to an associate/Advances to investments accounted for using the equity method	(24,336)	—	—	(24,336)
Repayment from an associate/Repayment from investments accounted for using the equity method	9,908	—	—	9,908
Purchase of equity instruments at FVTOCI	(1,120)	—	—	(1,120)
Proceeds from disposal of equity instruments at FVTOCI	1,648	—	—	1,648
Proceeds from redemption of Redeemable Preference Shares	590,323	—	—	590,323
Investment in unlisted fund investment in the PRC	(1,340)	—	—	(1,340)
Proceeds from disposal of equity securities listed in the PRC	10,330	—	—	10,330
Proceeds from return of capital from equity instruments at FVTOCI	47,754	—	—	47,754
Net cash used in investing activities	(686,586)	(496,828)	(2,860)	(1,186,274)

APPENDIX IV
**PRO FORMA FINANCIAL INFORMATION OF THE GROUP UPON
COMPLETION OF THE ADDITIONAL SINOLINK SUBSCRIPTION**

	The Group for the year ended 31 December 2022	Pro forma adjustments for the Additional Sinolink Subscription		The Group upon completion of the Additional Sinolink Subscription
	<i>HK\$'000</i> <i>Note 1(c)</i>	<i>HK\$'000</i> <i>Note 2</i>	<i>HK\$'000</i> <i>Note 3</i>	<i>HK\$'000</i>
Cash flows from financing activities				
Drawdown of borrowings	270,000	—	—	270,000
Repayment of borrowings	(71,400)	—	—	(71,400)
Principal portion of lease liabilities	(4,157)	—	—	(4,157)
Interest portion of lease liabilities	(424)	—	—	(424)
Interest paid	(34,841)	—	—	(34,841)
Dividend paid to non-controlling interests of subsidiary	(57,937)	—	—	(57,937)
Net cash generated from financing activities	101,241	—	—	101,241
Net decrease in cash and cash equivalents	(596,713)	(496,828)	(2,860)	(1,096,401)
Cash and cash equivalents at beginning of year	1,539,354	—	—	1,539,354
Effect of foreign exchange rate changes on cash and cash equivalents	(96,534)	—	—	(96,534)
Cash and cash equivalents at end of year	<u>846,107</u>	<u>(496,828)</u>	<u>(2,860)</u>	<u>346,419</u>

**(IV) NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE
GROUP UPON COMPLETION OF THE ADDITIONAL SINOLINK SUBSCRIPTION**

1.
 - (a) The amounts have been extracted from the audited consolidated statement of financial position of the Group as at 31 December 2022 included in the published annual report of the Company for the year ended 31 December 2022.
 - (b) The amounts have been extracted from the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2022 included in the published annual report of the Company for the year ended 31 December 2022.
 - (c) The amounts have been extracted from the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022 included in the published annual report of the Company for the year ended 31 December 2022.
2. Upon the completion of the Additional Sinolink Subscription and when the Shareholders Agreement become effective, the JV Co will be accounted for as a joint venture of the Group using the equity method with no remeasurement of retained interest in the JV Co.

The adjustment represents the additional capital contribution from Sinolink of US\$63,695,889.84 (equivalent to approximately HK\$496,828,000 using the exchange rate of US\$1:HK\$7.80 as at 31 December 2022) with an equal amount on the cash payment assuming the subscription of 96,508,924 JV Co Ordinary Shares was completed on 31 December 2022. No representation is made that the US Dollar amounts have been, could have been or may be converted to Hong Kong Dollars, or vice versa, at that rate or any other rates at all.

3. The adjustment represents the estimated professional fees of approximately HK\$2,860,000, relating to the Additional Sinolink Subscription. The amounts included the legal fees, printing costs, reporting accountant's fees and other directly attributable costs for the Additional Sinolink Subscription to be borne by the Group. This adjustment is not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Group.

**APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE GROUP UPON
COMPLETION OF THE ADDITIONAL SINOLINK SUBSCRIPTION**

4. The amounts represent adjustments to the share of results, share of exchange differences on translation from functional currency to presentation currency and fair value loss on equity instruments at FVTOCI of the JV Co assuming the Additional Sinolink Subscription was completed on 1 January 2022. The amounts are calculated based on the historical financial information of the JV Co for the year ended 31 December 2022 and the pro forma shareholding in the JV Co assuming the Additional Sinolink Subscription was completed on 1 January 2022:

Periods during the year ended 31 December 2022	Pro-forma shareholding in the JV Co assuming the Additional Sinolink Subscription was completed on 1 January 2022
1/1/2022 - 2/3/2022	45.28%
3/3/2022 - 30/9/2022	43.55%
1/10/2022 - 31/12/2022	46.58%

5. Apart from the above, no adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions entered into by the Group subsequent to 31 December 2022.

**(B) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
UPON COMPLETION OF THE ADDITIONAL SINOLINK SUBSCRIPTION**

The following is the text of a report on the unaudited pro forma financial information of the Group received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Sinolink Worldwide Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2022, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages IV-1 to IV-9 of the Company's circular dated 30 June 2023, in connection with the additional capital contribution to ZhongAn Technologies International Group Limited (the "Transaction") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 to IV-9 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group's financial position as at 31 December 2022 and the Group's financial performance and cash flows for the year ended 31 December 2022 as if the Transaction had taken place at 31 December 2022 and 1 January 2022 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2022, on which an audit report has been published.

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

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 December 2022 or 1 January 2022 respectively would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
30 June 2023

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests and short positions, if any, 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 to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives were deemed or taken to have under such provisions of the SFO; or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

Directors’ long positions in the Shares and underlying Shares of the Company

Name of Directors	Capacity	Interest in Shares			Total interest in Shares	Interest in underlying Shares pursuant to share options	Aggregate interest	Approximate percentage of the issued Shares as at the Latest Practicable Date
		Personal Interest	Corporate Interest	Family Interest				
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 <i>(Note)</i>	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 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 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, a non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the Shares held by Asia Pacific under the SFO.

Directors' interest in options to subscribe for Shares

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as was known to any Director or chief executive of the Company, as at the Latest Practicable Date, Shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares 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 and short positions in the Shares or underlying Shares

Name of Shareholder	Capacity/ Nature of interest	Interest in Shares	Interest in derivatives	Total interests	Approximate percentage of the issued Shares as at the Latest Practicable Date
Asia Pacific (<i>Note</i>)	Beneficial owner/ Beneficial interest	3,272,309,301	—	3,272,309,301	51.34%

Note: The 3,272,309,301 Shares are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, a non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in Shares held by Asia Pacific under the SFO. His interests are disclosed in the subsection headed “Directors’ long positions in the Shares and underlying Shares of the Company” above. Mr. Ou is also the sole director of Asia Pacific.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or underlying Shares 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.

4. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contracts with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS OF DIRECTORS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in a business which competes or may compete with the business of the Group, or has or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

6. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors is materially interested in any contract or arrangement subsisting as at the date of this circular which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2022 (being the date to which the latest published audited accounts of the Group were made up).

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) were entered into by members of the Group within two years immediately preceding the date of this circular, which are or may be material:

- (a) the share purchase agreement dated October 27, 2021 entered into between the JV Co and the Company, ZhongAn Technology, Warrior and the Opportunities Fund in respect of, inter alia, the subscription of an aggregate of 74,212,258 JV Co Ordinary Shares by the Company for a subscription price of approximately US\$49 million;
- (b) the capital increase agreement dated October 27, 2021 entered into between Sinolink Worldwide (HK) Company Limited (“**Sinolink HK**”), an indirect wholly-owned subsidiary of the Company, Chongqing ZhongAn Loan Co., Ltd. (重慶眾安小額貸款有限公司) (“**Chongqing JV**”), and the other shareholders of Chongqing JV (namely, China Telecom Bestpay E-commerce Ltd. (天翼電子商務有限公司) and ZhongAn Technology), in respect of the increase in registered capital of Chongqing JV from RMB510 million to RMB1.02 billion and the contribution by Sinolink HK in the amount of RMB90 million in cash in proportion to its shareholding in Chongqing JV pursuant to the terms and conditions set out therein;
- (c) the share purchase agreement dated September 2, 2022 entered into between the JV Co and the Company, ZhongAn Technology, Warrior and the Opportunities Fund in respect of, inter alia, the Previous Sinolink Subscription pursuant to the terms and conditions therein;
- (d) the shareholders agreement dated September 2, 2022 entered into between the JV Co and the Company, ZhongAn Technology, Warrior and the Opportunities Fund in relation to the rights and obligations between and among the Investors and JV Co; and
- (e) the Share Purchase Agreement.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, as far as the Directors were aware, none of the members of the Group was engaged in any litigation or arbitration or claim of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

9. GENERAL

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The head office and principal place of business of the Company in Hong Kong is 28th Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.
- (b) The company secretary of the Company is Mr. Lo Tai On, who is a member of the Hong Kong Institute of Certified Public Accountant.
- (c) The Hong Kong branch share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, and the Hong Kong branch share transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (d) The English text of this circular shall prevail over this respective Chinese text in the case of inconsistency.

10. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of Laws of Hong Kong)

PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its reports given as of the date of this circular and the references to its name included herein in the form and context in which they are included.

As at the Latest Practicable Date, PricewaterhouseCoopers (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) had no direct

or indirect interest in any assets which had been, since December 31, 2022 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

11. DOCUMENTS ON DISPLAY

A copy of each of the following documents is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinolinkhk.com) for 14 days from the date of this circular:

- the Share Purchase Agreement;
- the accountant's report issued by PricewaterhouseCoopers on the financial information of JV Co, the text of which is set out in Appendix II to this circular; and
- the report issued by PricewaterhouseCoopers in relation to the unaudited pro forma financial information of the Group, the text of which is set out in Appendix IV to this circular.

NOTICE OF SPECIAL GENERAL MEETING



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “**Meeting**”) of Sinolink Worldwide Holdings Limited (the “**Company**”) will be held at R3, United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, July 25 2023 at 10:30 a.m. for considering and if thought fit, to approve the following resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

the share purchase agreement dated May 31, 2023 (the “**Share Purchase Agreement**”) entered into between the Company, ZhongAn Technologies International Group Limited (眾安科技(國際)集團有限公司) (the “**JV Co**”), ZhongAn Information and Technology Services Co., Ltd.* (眾安信息技術服務有限公司), Warrior Treasure Limited and AIA VCC for a/c of AIA Opportunities Fund — Venture Capital 2021, in relation to the additional subscription of a maximum of 96,508,924 new JV Co ordinary shares by the Company for a total subscription price up to US\$63,695,889.84 be and is hereby approved, ratified and confirmed; and any one or more directors of the Company be and is hereby authorized, in his or her absolute discretion deemed appropriate or expedient and in the interests of the Company and its shareholders as a whole, to do all such acts and things which he/she may consider necessary, desirable or expedient to implement the transactions contemplated under the Share Purchase Agreement and completion thereof.”

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

Hong Kong, June 30, 2023

* *For identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11 Bermuda

Head office and principal place of business in Hong Kong:

28th Floor
Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

Notes:

- (i) The Meeting will be held in the form of physical meeting. Any member entitled to attend, speak and vote at the Meeting is entitled to appoint another person as his proxy to attend, speak and vote instead of him. A proxy needs not be a member of the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (iii) To be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjourned meeting.
- (iv) In the case of joint holders of a share, if more than one of such joint holders be present at any Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (v) In case Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or "extreme conditions caused by a super typhoon" announced by the Government is/are in force in Hong Kong at or at any time after 10:30 a.m. on the date of the Meeting, the meeting will be adjourned. The Company will post an announcement on the Company website (www.sinolinkhk.com) and the HKEX news website (www.hkexnews.hk) to notify shareholders of the date, time and place of the adjourned meeting. The Meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under bad weather conditions bearing in mind their own situation.
- (vi) As at the date of this notice, the executive Directors of the Company are Mr. Xiang Ya Bo (Chairman and Chief Executive Officer) and Mr. Chen Wei; the non-executive Directors are Mr. Ou Jin Yi Hugo, Mr. Ou Yaping and Mr. Tang Yui Man Francis; the independent non-executive Directors are Ms. Chen Hui, Mr. Tian Jin and Mr. Xin Luo Lin.