



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1168

2023

INTERIM REPORT

* For identification purpose only

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Ou Jin Yi Hugo
Ou Yaping
Tang Yui Man Francis

Independent Non-executive Directors

Chen Hui (appointed on 31 May 2023)
Tian Jin
Xin Luo Lin
Xiang Bing (retired on 31 May 2023)

AUTHORISED REPRESENTATIVES

Ou Jin Yi Hugo
Xiang Ya Bo

COMPANY SECRETARY

Lo Tai On

AUDIT COMMITTEE

Xin Luo Lin (*Chairman*)
Chen Hui (appointed on 31 May 2023)
Tian Jin
Xiang Bing (retired on 31 May 2023)

NOMINATION COMMITTEE

Tian Jin (*Chairman*)
Chen Hui (appointed on 31 May 2023)
Xiang Ya Bo
Xin Luo Lin
Xiang Bing (retired on 31 May 2023)

REMUNERATION COMMITTEE

Xin Luo Lin (*Chairman*)
Chen Hui (appointed on 31 May 2023)
Xiang Ya Bo
Xiang Bing (retired on 31 May 2023)

AUDITOR

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

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

HONG KONG BRANCH SHARE TRANSFER OFFICE

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

LEGAL ADVISORS

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

(*As to Bermuda Law*)
Conyers Dill & Pearson

PRINCIPAL BANKERS

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

CONTENTS

Financial Highlights	2
Management Discussion and Analysis	3
Other Information	27
Report on Review of Interim Financial Information	32
Interim Condensed Consolidated Statement of Profit or Loss	34
Interim Condensed Consolidated Statement of Comprehensive Income	35
Interim Condensed Consolidated Statement of Financial Position	36
Interim Condensed Consolidated Statement of Changes in Equity	38
Interim Condensed Consolidated Statement of Cash Flows	40
Notes to the Interim Condensed Consolidated Financial Information	42

FINANCIAL HIGHLIGHTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

- Revenue decreased 1.2% to HK\$183.1 million
- Gross profit increased 2.1% to HK\$109.9 million
- Loss attributable to owners of the Company amounted to HK\$259.6 million
- Basic loss per share amounted to HK4.07 cents

MANAGEMENT DISCUSSION AND ANALYSIS

Looking at the global market, the world economy is facing many threats and challenges. In the case of the United States, these threats include banking turmoil, credit crunch, declining consumer savings, declining corporate profits and increased layoffs. Europe faces the threat of high inflation and border conflicts. China's recovery appears sustainable, but geopolitical risks remain. Most economists, as well as Federal Reserve officials, believe that the likelihood of a recession in the U.S. economy by the end of the year is high.

For the U.S., in addition to far-reaching global tail risks (including wars in Europe, energy shortages, and U.S.-China tensions), the U.S. economy faces two risks that could cause or accelerate a recession - pressure on regional banks and commercial real estate. Both issues stem from the rapid rise in interest rates and interact given the exposure of regional banks to commercial real estate loans. In addition, it appears that the regulatory environment may become more stringent, which will also increase the pressure on regional banks. In the field of commercial real estate, the prevalence of remote work is still seven times higher than it was before the epidemic. This makes regional banks in the U.S. look particularly vulnerable, as they hold nearly 4.5 times the commercial real estate exposure of larger banks. This means that banks may tighten lending, increasing the risk of a recession in the second half of the year.

As far as China is concerned, a year ago, global investors debated whether China was worth investing in. It was a positive conclusion then, and it is the same now. Chinese equities are reasonably valued, earnings are expected to grow at around 15%, and policymakers have shifted in a more market-friendly direction. As an important sign of government support for the economy, new credit growth is at its highest level since before the epidemic.

In the first quarter of 2023, China's GDP was RMB28,499.7 billion, representing a year-on-year increase of 4.5% at constant prices, and a quarter-on-quarter increase of 2.2% compared with the fourth quarter of the previous year. In terms of industries, the added value of the primary industry was RMB1,157.5 billion, representing a year-on-year increase of 3.7%; the added value of the secondary industry was RMB10,794.7 billion, representing an increase of 3.3%; the added value of the tertiary industry was RMB16,547.5 billion, representing an increase of 5.4%. Industrial output increased by 3.5% year-on-year in May 2023. Retail sales, a key gauge of consumer confidence, rose 12.7%, missing forecasts of 13.6% and slowing from 18.4% in April. First quarter GDP data showed a rebound in consumption and service sector activity. Recent indicators of activity in exports, retail and real estate sectors were more mixed.

MANAGEMENT DISCUSSION AND ANALYSIS

The FinTech industry is a technology-driven financial innovation industry. The booming digital economy has provided a broad space for its development and the rapidly evolving digital technology has injected abundant vitality into the digital transformation of finance. Despite uncertainties in the development environment both domestically and abroad, the comprehensive development of digital transformation of finance driven by FinTech has become a definite trend with marvellous development prospects. As China emerged from the pandemic, the national economy has steadily restarted. The FinTech sentiment index has reached a 3-year new record, reflecting the greater resilience and expected steady growth of the industry. China's FinTech industry is during its rapid development based on the current FinTech development status. Across the megatrend of the digital transformation of the financial services industry, China's FinTech market is expected to maintain at a CAGR of approximately 17%, same as recent years, and reach RMB1.39 trillion by 2028.

For the real estate development, the national real estate development investment was RMB5,855 billion in the first half of the year, down 7.9% year-on-year. Among them, the investment in residential housing was RMB4,443.9 billion, down 7.3%. The floor space of the real estate development enterprises under construction was 7,915.48 million square meters, a year-on-year decrease of 6.6%. Among them, the floor space of residential buildings under construction was 5,570.83 million square meters, down 6.9%. The floor space of buildings newly started was 498.80 million square meters, down 24.3%.

The real estate market in the PRC has become an important pillar of the national economy and the wealth store after more than 20 years of rapid growth. However, concomitant with disappearing demographic dividend, entering late stages of urbanization, slowing down of economic growth, advancing of financial deleveraging and strengthening government regulation and control, is the real estate market facing unprecedented challenges and pressure. The sentiment of existing homebuyers is still affected by such key factors as residents' poor expectation of future income, stronger expectation of price declining, homebuyers' definite concern about unfinished forward delivery housing, while any turnabout of such factors and the efforts in intensifying optimization of housing purchase policies will directly determine the trend of the real estate market in the second half year. In the second half of the year, in addition to keeping the determination of policy regulation and control, the government is expected to release certain restrictive measures, such as cancelling purchase limits, lowering the down payment requirements, lowering the interest rates and buying a house and getting permanent residence, to stimulate housing demand and consumption.

In terms of inflation, the economy is still operating below potential output, and inflationary pressures are low. At the end of last year and the beginning of this year, the market was once worried about domestic inflationary pressures, but as of March, the Consumer Price Index (the "CPI") increased by 0.7% year-on-year, the core CPI increased by 0.7% year-on-year, and the Producer Price Index (the "PPI") fell by 2.5% year-on-year, which is still at a low level. Due to the high base in the second quarter, the CPI and PPI may further decline, but they are expected to stabilize and recover in the second half of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

The monetary policy will remain prudent with reasonable and sufficient liquidity, and play its key role in adjusting both the monetary aggregate and the monetary structure. The M2 money supply and aggregate financing should increase generally in step with nominal economic growth to provide support for the real economy in 2023. We expect that the growth of social financing and M2 will outpace significantly the nominal GDP growth as the further expansion of structural monetary policy tools.

The internal and external environment facing China is still complex and changeable, and the recovery rate of the domestic economy has further slowed down. The domestic effective demand is insufficient, and the endogenous driving force for the recovery of production, investment and consumption is not strong. Restoring and expanding demand is the key to the sustained recovery of the current economy. Overall, although supply-side and demand-side pressures still exist, the continued strength of economic stabilization policies will provide guarantees for the sound economic operation, which may help domestic production demand and consumer demand stabilize and recover. The market expects GDP growth to be approximately 4% in 2023. Given some of the strong momentum in the first quarter, growth is expected to be relatively flat for the rest of the year.

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

For the six months ended 30 June 2023, the Group's revenue was HK\$183.1 million, decreasing by 1.2% as compared to the same period of last year. Gross profit was HK\$109.9 million, increasing by 2.1% as compared to the same period of last year. The Company recorded loss attributable to owners of the Company of HK\$259.6 million during the period, as compared with profit attributable to owners of the Company to the same period of last year of HK\$89.5 million (restated). Basic loss per share amounted to HK4.07 cents, as compared to a basic earnings per share of HK1.40 cents (restated) for the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCING SERVICES BUSINESS

Financing services business is principally engaged in provision of efficient financial leasing solutions and multiple consultancy services, to satisfy technology and new economy companies' demands for financial services at different stages of development. The financing services business is financed by the Group's internal resources. In view of the fast development and adjustment in the financing services business in the PRC in recent years and our high standard requirements and emphasis on risk assessment on customers, the current source of customers are mainly by referral of close business partners or customers with excellent credit records.

As at 30 June 2023, the Group has a total of 6 borrowers (31 December 2022: 7) with total outstanding loan principal and interest receivables in the sum of HK\$515.3 million (31 December 2022: HK\$511.9 million), which comprised of entrusted loans of HK\$189.8 million (31 December 2022: HK\$191.9 million) to 1 borrower (31 December 2022: 1), other loans of HK\$325.5 million (31 December 2022: HK\$320.0 million) to 5 borrowers (31 December 2022: 6). As at 30 June 2023, a sum of HK\$275.8 million (31 December 2022: HK\$287.6 million) was due from the largest borrower of the Group and an aggregate sum of approximately HK\$510.1 million (31 December 2022: HK\$503.8 million) was due from the five largest borrowers of the Group.

As at 30 June 2023, the ageing analysis of the Group's outstanding loan receivables based on the remaining contractual maturity date is set out below:

	30 June 2023		31 December 2022	
	HK\$'million (unaudited)	% of total	HK\$'million (audited)	% of total
Within one year	462.6	89.8%	458.6	89.6%
In the second year	52.7	10.2%	53.3	10.4%
Total	<u>515.3</u>	<u>100.0%</u>	<u>511.9</u>	<u>100.0%</u>

For the six months ended 30 June 2023, the interest income from financing services business amounted to HK\$12.8 million (for the six months ended 30 June 2022: HK\$11.7 million) which mainly comprised interest income from entrusted loans of HK\$5.1 million (for the six months ended 30 June 2022: HK\$3.7 million), interest income from other loans of HK\$7.7 million (for the six months ended 30 June 2022: HK\$8.0 million) and interest income from finance leases receivables of nil (for the six months ended 30 June 2022: HK\$0.01 million).

The Group has provided business factoring services, specifically as receivables-based lending services in the PRC. In order to enhance its cashflow problem to meet its operation needs, trade receivables from customers are pledged to the Group to obtain a short term borrowings. The legal title of the receivables has not changed. Business factoring services are regulated by the Measures for the Supervision and Administration of Commercial Factoring Companies in Tianjin (《天津市商業保理公司監督管理暫行辦法》). The Group did not provide any receivables-based lending services in 2023 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has provided entrusted loans to certain PRC customers. Entrusted loans are loans made to the customers, using a licensed bank as a servicing agent. The Group will pay the licensed bank a service fee and the credit risk is borne by the Group. Entrusted loans service is regulated by the Administrative Measures on Entrusted Loans of Commercial Banks (《商業銀行委託貸款管理辦法》) issued by China Banking and Insurance Regulatory Commission (中國銀行保監督管理委員會). During the six months ended 30 June 2023, the entrusted loans are unsecured, interest rates are fixed at 5% per annum (for the six months ended 30 June 2022: 5%) with terms of 1 to 2 years (for the six months ended 30 June 2022: 1 year).

The Group had loan receivables provided to independent third parties. During the six months ended 30 June 2023 and 30 June 2022, the major loan receivables are provided to an independent third party with principal of RMB220 million, unsecured, interest rate at 6% per annum and the loan will be expired in September 2023.

The Group had provided financial leasing services in the PRC for customers (from individuals to corporates) for equipment (ranging from office equipment, 3C equipment and motor vehicles). Financing lease services is regulated by the Interim Measures for the Supervision and Administration of Shanghai Finance and Leasing Companies (《上海市融資租賃公司監督管理暫行辦法》). During the six months ended 30 June 2022, financial leasing services interest rates are fixed and ranged from 5.5% to 10.0% per annum and terms of leases are ranged from 6 months to 5 years. The Group did not provide any financial leasing services in 2023.

As at 30 June 2023, loan receivables to independent third parties are unsecured, carried at fixed interest rate ranged from 4.0% to 7.0% (31 December 2022: 4.0% to 7.0%) per annum and will be matured in 2023 to 2024 (31 December 2022: 2023 to 2024). Due to the impacts on various sectors from the outbreak of the COVID-19 pandemic and the delay in resumption of work and production of the enterprises, we made continuous efforts to enhance risk management of the financial leasing and factoring business.

Credit risk and impairment assessment

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

For the six months ended 30 June 2023, the provision for impairment loss on loan receivables amounted to approximately HK\$9.9 million (for the six months ended 30 June 2022: HK\$2.1 million), representing an increase of HK\$7.8 million. The increase in the provision for impairment loss on loan receivables was mainly due to the fact that a higher expected default rate is used due to the worsen macro-economic environment as at 30 June 2023. The Group applies general approach to provide for expected credit loss for loan receivables prescribed by Hong Kong Financial Reporting Standard 9 Financial Instruments ("HKFRS 9"). Loans receivables are assessed individually by the management of the Group by reference to past default experience, current past due exposure of the debtor, the nature and prospect of the debtor's operation.

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

- (a) an actual or expected significant deterioration in the borrower's external (if available) or internal credit rating;
- (b) significant deterioration in external market indicators of credit risk for the corporate borrower;
- (c) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the borrower's ability to meet its debt obligations;
- (d) an actual or expected significant deterioration in the operating results of the corporate borrower;
- (e) significant increases in credit risk on other financial instruments of the same corporate borrower;
- (f) an actual or expected significant adverse change in the regulatory, economic or technological environment of the borrower that results in a significant decrease in the borrower's ability to meet its debt obligations;

MANAGEMENT DISCUSSION AND ANALYSIS

- (g) status of the loan and interest receivables as at the reporting date, including any breach of contract such as a default or past due event as at the reporting date; and
- (h) whether it is probable that the borrower will enter bankruptcy or other financial reorganisation.

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

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

During the six months ended 30 June 2023, the Group has recognised a net impairment loss on loan receivables of approximately HK\$9.9 million (for the six months ended 30 June 2022: HK\$2.1 million). The net impairment loss was comprised of a reversal of impairment loss made for loan receivables categorised for entrusted loans of approximately HK\$4.0 million (for the six months ended 30 June 2022: HK\$1.6 million) and an impairment loss made for loan receivables categorised for other loans of approximately HK\$13.9 million (for the six months ended 30 June 2022: reversal of impairment loss of HK\$3.7 million), respectively.

AA Investment Management Limited (“AA Investment”) is a wholly-owned subsidiary of the Company and is a Hong Kong-based wealth management and asset management company which holds Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) Licenses of the Securities and Futures Commission of Hong Kong (“SFC”) to carry out regulated activities in the financing services sector. AA Investment offers its retail and institutional clients a fully digital investment fund dealing and discretionary portfolio management services through different channels (mobile application and/or backend integration). In 2023, AA Investment began to apply for the license condition waiver for the expansion of stock brokerage services in Hong Kong. Through a proactive business strategy focused on growth, AA Investment aims to become an industry leader in industry.

During the six months ended 30 June 2023, AA Investment has generated approximately HK\$0.3 million income (for the six months ended 30 June 2022: nil).

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

MANAGEMENT DISCUSSION AND ANALYSIS

JOINT VENTURE – ZHONGAN INTERNATIONAL (OR “ZATI”)

ZA Tech Global Limited (“ZA Tech”)

ZA Tech, a technology subsidiary of ZATI founded in 2018, focuses on exporting new insurance core systems and digital insurance technology experience to overseas insurance companies and insurance intermediary platforms, aiming to become a new standard for global Insurance + Technology (“Insurtech”) digitalization. As of now, ZA Tech’s footprints have covered regional markets such as Japan, Hong Kong, Southeast Asia, and Europe.

ZA Tech has unique cloud-native, modular, no-code/lowcode digital solutions, including insurance core system, distribution system, customer data platform and AI solutions, which provide a digital infrastructure to support all kinds of insurance business models, all insurance product lines (life insurance, health insurance, property and casualty insurance, etc.) and every part of the end-to-end insurance business value chain. The clients served by ZA Tech can be divided into two categories: insurance companies and Internet platforms. For insurance companies, Graphene, the next-generation distributed insurance core system ZA Tech built, can help customers connect with various ecosystem partners locally and launch fragmented and scenario-based insurance protection products that adapt to the local environment. This year, ZA Tech has also updated its Graphene product baseline in all aspects. In the future, it can support the whole process of traditional insurance business from product configuration and launch, policy issuance and underwriting, to claim settlement, which is expected to reduce the IT expenses of the insurance core system by 30-50% for insurance companies, and open up the huge market opportunity arising from the replacement of traditional insurance core systems around the world. For insurance companies in the early stage of digital transformation, ZA Tech provides lightweight SaaS insurance core system, Nano, which helps clients quickly build a core system for digital insurance products 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 low-code insurance distribution solution, Fusion, which helps Internet platforms provide more value-added services for their C-end users and improve the efficiency of traffic monetization.

The out-of-the-box and continuously upgraded SaaS solutions offered by ZA Tech support digital transformation of insurance companies, which minimized tech debt and version sprawl compared with traditional custom development methods. On the other hand, ZA Tech has achieved strong growth at the early stage of its operations by providing embedded Insurtech solutions and expertise in relevant fields for insurance companies and insurance intermediaries. On the other hand, ZA Tech has built long-term strategic partnerships with leading Internet platforms, such as Grab, Carro, OVO and Klook, which accelerated the positive cycle of business development. By leveraging on the massive data and extensive customer network of the Internet platforms, ZA Tech sells insurance core system products to more insurance companies that cooperate with such platforms to achieve the flywheel effect of business growth.

MANAGEMENT DISCUSSION AND ANALYSIS

In March 2023, ZA Tech reached a regional partnership with Home Credit, the largest consumer finance platform in Southeast Asia, to provide an insurance distribution solution, Fusion, for embedded insurance products (such as extended warranty for mobile phones and screen cracking insurance) in two markets, namely Indonesia and Vietnam. At the same time, by leveraging years of industry experience accumulated in embedded insurance and leading technological strength, it has realized the cross-selling to cooperative insurance companies of Home Credit and provided lightweight SaaS insurance core system, Nano, for Income, a leading P&C insurer in Southeast Asia, further tapping the business potential in Southeast Asia.

In May 2023, ZA Tech completed the first replacement of claim module in Graphene, and officially launched a small claim module for Prudential Thailand. The launch of this claim module in Graphene will enhance the service capabilities of Prudential for small claims, and improve its customer satisfaction of online small claims. At the same time, it also marked a staged success of the separate sale of functional modules, thus opening up greater room for ZA Tech's further repeat sales.

In July 2023, its core system product, Graphene, successfully entered the traditional core business system segment as it was exported to one of the leading insurance companies in Central and Eastern Europe, to assist the client in realizing the full coverage of traditional auto insurance end-to-end functions, which is available in five countries in the European market without limits and can be quickly replicated and launched. In the future, Graphene will support the whole-process functions (including policy issuance, check, claim settlement and finance) of the client's auto insurance in the five European countries, as well as the flexible policy issuance and renewal process for different scenarios of To C/To A business, and the claim settlement process for small and quick claims and standard loss assessment cases. In addition, it will support negotiation with group customers on a case-by-case basis and collect payments in batches. The traditional insurance core system replacement project is an important milestone in the development of ZA Tech. In the future, ZA Tech will continue to upgrade and evolve its cloud-based traditional insurance core baseline, and explore the huge market opportunity arising from the replacement of insurance core systems around the world.

ZA Tech continuously improved the operating capabilities of its traditional insurer customers through digital technology innovation. ZA Tech enhanced the operating efficiency of systems with its cloud-based core platform, reduced the error rate of manual operations through autonomous image recognition technology, improved the task processing efficiency through the intelligent task assignment engine, and realized intelligent claim settlement through the seamless decision-making and workflow engine.

ZA Tech recorded revenue of RMB118 million in the first half of 2023, and the management expects that project deliveries and revenue recognition will mostly be in the second half of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Virtual Bank and Virtual Insurance in Hong Kong

ZA Bank Limited (“ZA Bank”) became one of the first banks in Hong Kong to be granted a virtual banking license on 27 March 2019, and became the first virtual bank officially commencing operation in Hong Kong on 24 March 2020. It is committed to providing a convenient, inclusive and innovative one-stop financial service experience for retail customers and small and medium-sized enterprises in the Hong Kong market. In January 2021, ZA Bank became the first virtual bank in Hong Kong to obtain an insurance agent license, and 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 SFC.

On the retail banking side, in addition to traditional banking products and services, ZA Bank offers innovative gamification experiences through continuous development and iteration to improve users’ activeness. As at 30 June 2023, ZA Bank had nearly 700,000 retail customers, representing a penetration rate of 10% of the overall population aged 18 or above in Hong Kong, and the average monthly card usage of customers was nearly 15 times, almost twice the average of VISA cards in Hong Kong. In addition, ZA Bank has actively developed its wealth management, insurance products and foreign exchange functions, and continuously improved its offerings. ZA Bank officially launched its investment fund business in August 2022, offering over 100 fund products to users. As at 30 June 2023, retail users’ assets under management amounted to HK\$537 million.

On the business banking side, in order to further promote the concept of financial inclusion in Hong Kong and facilitate the FinTech transformation in Hong Kong’s banking industry, ZA Bank officially launched the express online corporate account opening (e-onboarding) service on 1 April 2023, which provides local SME customers with fast account opening experience and assists them in seizing market opportunities. ZA Bank’s fast account opening enables customers to complete the application in as fast as 6 minutes and open an account in as fast as 2 hours.

At present, 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 in a fully digitalized mode, and providing users with 24/7 digital banking services such as deposits, loans, transfers, consumption, foreign exchange, insurance, investment and business banking.

MANAGEMENT DISCUSSION AND ANALYSIS

In October 2022, the HKSAR Government issued the Policy Statement on Development of Virtual Assets in Hong Kong, aiming to build Hong Kong into a global virtual asset management center and Web3 hub. ZA Bank capitalizes on opportunities emerging from the development of Web3 and actively plans related businesses in the field. In April, it unveiled its “Banking for Web3” vision, which sets out its commitment to leverage technology to promote the integration of traditional banking services and the Web3 world. ZA Bank seeks to actively support the development plan of the HKSAR government, and participate in the creation of a vibrant virtual asset industry and ecosystem. ZA Bank is currently providing essential business banking services for Web3 enterprises, and serving as a settlement bank for Hong Kong licensed virtual asset exchanges such as HashKey Exchange, by providing convenient fiat currency deposit and withdrawal services. ZA Bank also plans to launch US stock trading services in due course to further address users’ evolving needs for investment and wealth management.

As at 30 June 2023, ZA Bank had a deposit balance of approximately HK\$10,712 million and gross loan balance of approximately HK\$4,916 million, with a loan-to-deposit ratio of 45.9%. Meanwhile, benefiting from the interest rate hike cycle and the diversification of loan products, ZA Bank’s net interest margin further improved to 1.87%. During the reporting period, with the launch of new products, ZA Bank has significantly improved its monetization, recording a net revenue of approximately HK\$152 million, of which non-interest income accounted for approximately 25.8%. Meanwhile, ZA Bank focused on business quality and operating efficiency improvement, and the net loss margin narrowed by approximately 60 percentage points to 131.8% from 191.6% in the corresponding period of 2022.

In terms of virtual insurance business, ZA Life Limited (“ZA Life”) is dedicated to offering affordable insurance services, and providing users with insurance products and services that “everyone can afford” through its 24/7 online platform, including life insurance, Voluntary Health Insurance Scheme, 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 in the ZA Bank APP to provide fundamental protections for users’ health and wealth. During the period, ZA Life achieved GWP of HK\$205 million.

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY RENTAL

For the six months ended 30 June 2023, total rental income amounted to HK\$79.2 million, representing a decrease of 4.1% as compared to the same period of last year. Shenzhen had experienced a week lock-down period in March 2022. The entire Shenzhen city, including bus and subway systems, was shut, along with business providing non-essential services. Rent concession was granted to tenants in 2022 with an aim to help the tenants to overcome the challenging situation. At a post-COVID period since early 2023, the economy had not yet recovered as expected, and it is still a hard period for the property industry. We have lowered our unit rental to renew our existing tenants and to attract new tenants. This lowered rental and the low occupancy rate for our office portion of Sinolink Tower are the main reasons for the decrease in total revenue, even if we have countered certain rental concession in the corresponding period in 2022.

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

Sinolink Tower

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

For the six months ended 30 June 2023, the occupancy rate of the office portion of *Sinolink Tower* was approximately 32%. Tenants are mainly engaged in jewelry, investment and real estate business.

O Hotel, the Group’s first hotel that is dedicated to delivering a personalized experience, has 188 rooms and suites, a trendy restaurant, a specialty coffee shop, a premium fitness club and other facilities. During the period, the hotel continued to operate in a challenging business environment. At the post-COVID period, the occupancy rate increased progressively but still at a low level. The management has adopted measures for more stringent cost control and better services to improve the overall performance of the hotel.

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTIES UNDER DEVELOPMENT

As at 30 June 2023, the Group has the following properties under development:

1. *Rockbund*

Located at the Bund in Shanghai, Rockbund is an integrated property project jointly developed by the Group and The Rockefeller Group International, Inc. The project has a total site area of 18,000 square meters with a GFA of 94,080 square meters, and comprises of the repairs and operation of heritage buildings, and the construction of some new structures. The Group intends to redevelop the historical site and structures into an upscale mixed-use neighborhood with residential, commercial, retail, food and beverages, offices and cultural facilities. The preserved heritage buildings have already commenced operation and have been leased out. The foundation of the new building structures has been completed, with structural works well under way. The entire project is expected to commence operation gradually upon completion of the construction in the last quarter of 2023.

2. *Ningguo Mansions*

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

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

OTHER BUSINESSES

Other businesses within the Group include property, facility and project management services. For the six months ended 30 June 2023, the Group recorded a revenue of HK\$91.1 million from other businesses, representing an increase of 0.1% as compared to the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR ASSOCIATE – ROCKFELLER GROUP ASIA PACIFIC, INC.

The Group's investment in Rockefeller Group Asia Pacific, Inc. ("RGAP") has recognised a net loss of HK\$7.8 million (net gain for the six months ended 30 June 2022: HK\$4.0 million), representing current period fair value loss of HK\$77.6 million (for the six months ended 30 June 2022: HK\$19.2 million) and reversal of portion of share of loss of HK\$69.8 million (for the six months ended 30 June 2022: HK\$23.2 million), in respect of investment in RGAP being recognised in the profit or loss during the period.

A fair value loss of HK\$77.6 million (for the six months ended 30 June 2022: HK\$19.2 million) is recognised in current period's profit or loss stemming from loan receivable and amounts due from RGAP (which constituting as part of the total investment in RGAP).

According to Hong Kong Accounting Standard 28 "Investments in Associates", when the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Accordingly, for the period ended 30 June 2023, the Group recorded reversal of share of loss of an associate, RGAP, of HK\$69.8 million (for the six months ended 30 June 2022: share of loss of HK\$23.2 million), in respect of the *Rockbund* project.

LOAN RECEIVABLE FROM AN ASSOCIATE

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

According to HKFRS 9, loan receivable from an associate represents an investment in the project of RGAP; hence this amount is not held within a business model whose objective is to collect contractual cash flows. The loan receivable from an associate is measured at fair value through profit or loss. The directors of the Company assessed the fair value of the loan receivable from an associate by taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate.

As at 30 June 2023, the directors of the Company reassessed the fair value of such investment after taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate. The fair value loss was HK\$77.6 million (for the six months ended 30 June 2022: HK\$19.2 million) during the six months ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENT

As at 30 June 2023, total equity instruments at fair value through other comprehensive income amounted to HK\$1,850.7 million (31 December 2022: HK\$1,883.2 million), mainly representing that of ZhongAn Online owned by the Group of approximately HK\$1,725.3 million (31 December 2022: HK\$1,741.5 million), which was measured at fair value at the end of this reporting period. As at 30 June 2023, the significant investment of the Group is as follows:

	Number of shares* held as at 30 June 2023	Percentage of shareholding as at 30 June 2023	Unrealised fair value gain recognised in other comprehensive income for the six months ended 30 June 2023	Realised fair value gain/(loss) recognised in other comprehensive income for the six months ended 30 June 2023	Dividends received for the six months ended 30 June 2023	Approximate percentage of the Group's total assets as at 30 June 2023	Cost of investment	Market value as at 30 June 2023
		%	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	% (unaudited)	HK\$'000	HK\$'000 (unaudited)
Hong Kong listed shares								
- ZhongAn Online (Stock code: 6060)	81,000,000	5.51	40,008	-	-	16.3	92,000	1,725,300

* The Group held 81,000,000 publicly-traded H shares of ZhongAn Online that subject to lock-up mechanisms. The lock-up of 62,057,778 H shares of ZhongAn Online will expire in December 2024.

ZhongAn Online is an online 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 six months ended 30 June 2023, the gross written premiums of ZhongAn Online was approximately RMB14,463 million, representing an increase of approximately 37.5% for the corresponding period in 2022; the net profit attributable to owners of the parent company was approximately RMB221 million, as compared to a loss attributable to owners of the parent company RMB636 million for the corresponding period in 2022.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

PROSPECTS

In China, the 2023 growth recovery is looking very different from past cycles. While the property market has historically led the cycle, in 2023 it is still in de-leveraging mode. Instead, the recovery is due to the exit from COVID Zero policies, and this is driven largely by the normalization of the service sector following strict lockdowns. We have seen some initial recovery already. For instance, high-speed train tickets were instantly sold out for the May Labor Day holiday. But there are also plenty of signs that there is more to do. Service sector employment is far below pre-COVID levels across wholesale/retail, restaurants, hospitality, construction, business services, as well as new economy sectors like rental and delivery. International travel is around a third of pre-COVID levels, as bottlenecks around flight routes and permits, as well as the lengthy process to renew passports and visas also played a role. In contrast, sectors such as property, exports and infrastructure are facing more headwinds. The property sector is still de-leveraging. Although some pockets of the market (such as secondary sales and a few tier 1 and 2 cities) have shown signs of tentative stabilization in transaction volumes, the recovery is still far from broad-based. The export sector is more cyclically exposed and has room to slow further if expectations for U.S. recession and global slowdown materializes. Last but not least, infrastructure investment has held up relatively well, while on the ground construction activity has meaningfully lagged. Given the push for more fiscal discipline, the odds for a big fiscal stimulus are low. Balancing the consumption recovery with the headwinds, we expect GDP growth of around 4% for 2023. And given some of the strength is clearly front-loaded into Q1, we expect a flatter growth profile in the rest of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Despite the cyclical recovery and headwinds in the economy, the Chinese government remains quite focused on making sure the economy stays on track for the decarbonization goals. Local governments are assessed and monitored on energy consumption targets. The overall regulatory structure around emissions, pollution control and energy efficiency has gradually tightened up over the last few years. So the curbs and controls around highly polluting and energy-intensive industrial activities such as metals and mining industries may well get even tougher in the coming years. From an overall perspective, these supply-side changes are putting upward pressure on costs, and the overall impact on prices has been very limited due to the housing sector slump and frequent price intervention from regulators. The overall green transition will likely entail significant further investment in electrification and related infrastructure, but as it is taking place over many years, the cyclical impact will likely dominate, at least for now.

In terms of inflation, the economy is still operating below potential output, and inflationary pressures are low. At the end of last year and the beginning of this year, the market was once worried about domestic inflationary pressures, but as of March, the CPI increased by 0.7% year-on-year, the core CPI increased by 0.7% year-on-year, and the PPI fell by 2.5% year-on-year, which is still at a low level. On Sunday, 2 April, OPEC+ oil producers announced voluntary oil output cuts of around 1.15 million barrels per day, which led to a short-term recovery in oil prices. However, global inflation has begun to ease off its highs as the global economic growth is facing downward pressure this year, and the pressure on the global supply chain has eased significantly. Since the beginning of the year, the domestic economy has stabilized and rebounded, but the industrial capacity utilization rate has further declined in the first quarter, reflecting that the domestic economy is still operating below the potential output and inflationary pressure remains subdued. Due to the high base in the second quarter, the CPI and PPI may further decline, but they are expected to stabilize and recover in the second half of the year.

Fiscal policy remained active, and the general budget deficit ratio was slightly raised, but the ratio of total government financing to GDP was lower than last year. In 2023, the proposed general public budget deficit rate is 3%, and local government special bonds are RMB3.8 trillion, basically in line with expectations. The general public budget deficit rate has increased slightly from last year's 2.8%. The new local government special bonds are higher than last year's budget of RMB3.65 trillion, but lower than the total amount after last year's additional balance limit of RMB500 billion. The overall government debt financing is RMB7.68 trillion, representing a decrease of approximately 0.2 percentage points compared with the ratio of government financing to real GDP in 2022.

The monetary policy will remain prudent with reasonable and sufficient liquidity, and play its key role in adjusting both the monetary aggregate and the monetary structure. The M2 money supply and aggregate financing should increase generally in step with nominal economic growth to provide support for the real economy in 2023. We expect that the growth of social financing and M2 will outpace significantly the nominal GDP growth as the further expansion of structural monetary policy tools.

MANAGEMENT DISCUSSION AND ANALYSIS

It is expected that in the second half of the year, the aggregate policy will enter the discretionary mode of “look carefully before taking each step” along with marginal loosening. Since the beginning of the year, China’s economy has continued to recover and grow. During climbing out of the pit fallen the previous year, year-on-year and quarter-on-quarter growth at the beginning of the year changed greatly due to significant support by the basis of quarter-on-quarter, with the fastest quarter-on-quarter recovery in the first quarter and the favourable expectation for the second quarter due to the lower base of last year. As China’s economic recovering growth slows, the fastest period of quarter-on-quarter growth may have passed and the economic growth rate will drop in the second half of the year. The policy is projected to be further loosened marginally, possibly by an interest rate cut or the issuance of medium and long-term construction bonds by central government.

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

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

FINANCIAL REVIEW

During the six months ended 30 June 2023, total revenue of the Group was HK\$183.1 million (2022: HK\$185.3 million), slightly decreasing by 1.2% as compared to the same period of last year. At a post-COVID period since early 2023, the economy had not yet recovered as expected, and it is still a hard period for the property industry. We have lowered our unit rental to renew our existing tenants and to attract new tenants. This lowered rental and the low occupancy rate for our office portion of *Sinolink Tower* are the main reasons for the decrease in total revenue, even if we have countered certain rental concession in the corresponding period in 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income decreased to approximately HK\$49.8 million (2022: HK\$59.5 million). The decrease was mainly due to the decrease in bank interest income as the amount of bank deposits was decreased.

The Group recorded a net other gains of approximately HK\$0.3 million for the six months ended 30 June 2023 (2022: net other losses of HK\$11.6 million). The net other gains for the period was mainly contributed from the gains on disposals of property, plant and equipment.

The total operating costs (including cost of sales, selling and administrative expenses) for the six months ended 30 June 2023 was approximately HK\$132.0 million (2022: HK\$154.4 million), representing a decrease of approximately 14.5%. This was due to the cost control measures implemented by the Group on the overall operating expenses for the period.

The Group recorded an impairment loss on financial assets of approximately HK\$9.9 million (2022: HK\$2.1 million), as a higher expected default rate was used due to the worse macro-economic environment as at 30 June 2023.

The Group recorded a significant fair value loss of the investment properties of approximately HK\$256.9 million (2022: nil), mainly contributed by the capital depreciation of our commercial property portfolio and car parks located in the PRC for rental.

The Group recognised finance costs of approximately HK\$32.9 million (2022: HK\$17.2 million). The increase was mainly due to the increase in average bank borrowings and the increase in interest rate during the period.

The Group recorded loss attributable to the owners of the Company of HK\$259.6 million during the six months ended 30 June 2023, compared to the profit attributable to the owners of the Company of HK\$89.5 million (restated) for the same period of last year. This was mainly due to the various factors outlined above and the net effects of the following factors:

- (i) a significant fair value loss of the investment properties of approximately HK\$256.9 million (2022: nil);
- (ii) a decrease in net fair value loss on other financial assets at fair value through profit or loss of approximately HK\$14.1 million (2022: HK\$25.0 million);
- (iii) a significant decrease of share of loss of associates from HK\$73.5 million to HK\$27.6 million; and
- (iv) no gain on dilution of interests in an associate for the six months ended 30 June 2023 (2022: HK\$183.6 million).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's total borrowings was HK\$1,137.9 million as at 30 June 2023 (31 December 2022: HK\$1,153.6 million). The borrowings of the Group are denominated in HK\$ and are interested at floating rate. They were due for repayment within the following periods:

	30 June 2023	31 December 2022
	<i>HK\$'million (unaudited)</i>	<i>HK\$'million (audited)</i>
Within one year or on demand	260.2	102.9
After one year but within two years	877.7	1,050.7
Total	1,137.9	1,153.6

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.

CHARGES OF ASSETS

As at 30 June 2023, pledged bank deposits of HK\$1,128.1 million (31 December 2022: HK\$1,164.7 million) and investment properties of HK\$433.8 million (31 December 2022: HK\$516.2 million) were pledged to banks to secure general banking facilities granted to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group's gearing ratio, calculated on the basis of total borrowings over shareholders' equity, was 15.2% as compared with 14.3% (restated) as at 31 December 2022. The Group remained financially strong with a net cash position.

The Group's cash and bank balances (including bank deposits, pledged bank deposits, and cash and cash equivalents) amounted to HK\$2,581.6 million as at 30 June 2023 (31 December 2022: HK\$2,704.6 million), mostly denominated in RMB, HK\$ and USD. As at 30 June 2023, the Group has undrawn borrowing facilities of HK\$376.4 million (31 December 2022: HK\$376.4 million) which will expire within one year.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Group operate in the PRC with most of the transactions in relation to operations are denominated and settled in RMB. Fluctuations of RMB exchange rates would impact the Group's net asset value in the preparation of the Group's consolidated accounts. If RMB appreciates/depreciates against HK\$, the Group would record a(n) increase/decrease in the Group's net asset value. During the six months ended 30 June 2023, in respect of the Group's exposure to potential foreign exchange risks arising from the currency exchange rate fluctuations, it did not make any arrangement or use any financial instruments to hedge against potential foreign exchange risks. However, the management will continue to monitor foreign exchange risks and adopt hedging measures where necessary.

CAPITAL COMMITMENTS

As at 30 June 2023, the Group had commitments of HK\$31.4 million (31 December 2022: HK\$36.8 million) in respect of properties under development.

CONTINGENT LIABILITIES

As at 30 June 2023, guarantees offered to banks as security for the mortgage loans arranged for the Group's property buyers amounted to HK\$3.0 million (31 December 2022: HK\$7.1 million).

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2023, the aggregate amount of financial assistance to associated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the associated companies as at 30 June 2023 is presented as follows:

	<i>HK\$'000</i>
Non-current assets	5,861,257
Current assets	1,810,673
Current liabilities	(952,930)
Non-current liabilities	(9,402,242)
	<hr/>
Net liabilities	(2,683,242)
	<hr/> <hr/>

The Group's attributable interest in the associated companies as at 30 June 2023 comprised net liabilities of HK\$1,292,927,000.

The proforma combined statement of financial position of the associated companies has been prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies as at 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENT AFTER THE REPORTING DATE

As disclosed in the announcement and circular of the Company dated 31 May 2023 and 30 June 2023 respectively, the Group entered into a share purchase agreement with ZhongAn International and other shareholders of ZhongAn International, pursuant to which the Group conditionally agreed to subscribe for a maximum of 96,508,924 of ZhongAn International new ordinary shares for a total subscription price up to approximately US\$63,696,000 (equivalent to approximately HK\$493,644,000) which will take place in two tranches (“Additional Sinolink Subscription”). The Additional Sinolink Subscription has been approved by shareholders of the Company at the special general meeting held on 25 July 2023. On 14 August 2023, upon the initial closing, the Group has subscribed for 67,556,247 ordinary shares of ZhongAn International for a total subscription price of approximately US\$44,587,000 (equivalent to approximately HK\$345,550,000) in cash and the Group’s equity interests in ZhongAn International increased from 44.75% to 46.04%.

Upon completion of the initial closing of the Additional Sinolink Subscription, an amended and restated shareholders agreement of ZhongAn International became effective, and ZhongAn International was accounted for as a joint venture of the Group. Upon the subsequent closing, the Company will further subscribe 28,952,667 ordinary shares of ZhongAn International, and the Group’s equity interests in ZhongAn International will be increased from 46.04% to 46.58%. Up to the date of this interim report, the subsequent closing is not yet completed.

INTERIM DIVIDEND

In order to retain resources for the Group’s business development, the Board does not declare an interim dividend for the six months ended 30 June 2023 (2022: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group employed approximately 631 full time employees. The Group recognizes the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Group.

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

There was no purchase, sale or redemption of the Company’s listed shares by the Company or any of its subsidiaries for the six months ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE GOVERNANCE

During the period, the Company has complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) of the Stock Exchange save as disclosed below.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 June 2023, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and supervising over the Group’s financial reporting processes and internal controls. The Audit Committee comprises three independent non-executive directors. The members of the Audit Committee are Mr. Xin Luo Lin, Ms. Chen Hui and Mr. Tian Jin. The Audit Committee meets regularly with the Company’s senior management and the Company’s external auditor to jointly review the financial reporting process, internal controls, audit process and risk management adopted by the Company.

The Audit Committee has reviewed and discussed this interim report, including the unaudited interim condensed consolidated financial information for the six months ended 30 June 2023 which have been prepared in accordance with applicable standards, the Listing Rules and the statutory provisions and sufficient disclosure have been made. In addition, the Company’s external auditor, PricewaterhouseCoopers, has performed an independent review of the Group’s unaudited interim condensed consolidated financial information for the six months ended 30 June 2023 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

MANAGEMENT DISCUSSION AND ANALYSIS

APPRECIATION

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

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

Hong Kong, 29 August 2023

OTHER INFORMATION

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares or 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 of the Company as at 30.6.2023
		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 of the Company are held by Asia Pacific Promotion Limited (“Asia Pacific”), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO.

Details of the share options granted to the above Directors are set out in the below section headed “Directors’ Rights to Acquire Shares or Debentures of the Company and Associated Corporation”.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive of the Company had, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation or any interests which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO.

OTHER INFORMATION

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

Pursuant to the Company's share option scheme adopted in 2012, the Company had granted to certain Directors of the Company options to subscribe for the shares of the Company, details of which as at 30 June 2023 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price HK\$	Number	Number	Approximate
				of shares subject to outstanding options as at 1.1.2023	of shares subject to outstanding options as at 30.6.2023	percentage of the issued shares of the Company as at 30.6.2023
Chen Wei	15.05.2015	15.11.2015-14.05.2025	1.185	1,734,000	1,734,000	0.027%
		15.05.2016-14.05.2025	1.185	1,734,000	1,734,000	0.027%
Tang Yui Man Francis	15.05.2015	15.11.2015-14.05.2025	1.185	20,230,000	20,230,000	0.317%
		15.05.2016-14.05.2025	1.185	20,230,000	20,230,000	0.317%
Tian Jin	15.05.2015	15.11.2015-14.05.2025	1.185	1,156,000	1,156,000	0.018%
		15.05.2016-14.05.2025	1.185	1,156,000	1,156,000	0.018%
Xiang Ya Bo	15.05.2015	15.11.2015-14.05.2025	1.185	20,230,000	20,230,000	0.317%
		15.05.2016-14.05.2025	1.185	20,230,000	20,230,000	0.317%
Xin Luo Lin	15.05.2015	15.11.2015-14.05.2025	1.185	1,156,000	1,156,000	0.018%
		15.05.2016-14.05.2025	1.185	1,156,000	1,156,000	0.018%

Notes:

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

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

OTHER INFORMATION

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

Mr. Ou Yaping resigned as the chairman and continues to serve as a non-executive director of ZhongAn Online P&C Insurance Co., Ltd. (Stock Code: 6060), a company listed on the Stock Exchange, on 24 July 2023.

Save as disclosed above, as at the date of this interim report, the Company is not aware of any other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SHARE OPTION SCHEMES OF THE COMPANY

(A) 2012 Share Option Scheme

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

Details of specific categories of options are as follows:

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

OTHER INFORMATION

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

	Option types	Outstanding at 1.1.2023	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2023	
<i>Category 1: Directors</i>							
	Chen Wei	2015A Option	3,468,000	-	-	-	3,468,000
	Tang Yui Man Francis	2015A Option	40,460,000	-	-	-	40,460,000
	Tian Jin	2015A Option	2,312,000	-	-	-	2,312,000
	Xiang Bing (Note 3)	2015A Option	2,312,000	-	-	2,312,000	-
	Xiang Ya Bo	2015A Option	40,460,000	-	-	-	40,460,000
	Xin Luo Lin	2015A Option	2,312,000	-	-	-	2,312,000
	Total for Directors		<u>91,324,000</u>	<u>-</u>	<u>-</u>	<u>2,312,000</u>	<u>89,012,000</u>
<i>Category 2: Employees</i>							
		2015B Option	40,460,000	-	-	4,624,000	35,836,000
	Total for employees		<u>40,460,000</u>	<u>-</u>	<u>-</u>	<u>4,624,000</u>	<u>35,836,000</u>
	All categories		<u>131,784,000</u>	<u>-</u>	<u>-</u>	<u>6,936,000</u>	<u>124,848,000</u>

Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- Save as disclosed in the above table, no options were granted, exercised or cancelled under the 2012 Share Option Scheme during the period.
- Dr. Xiang Bing retired on 31 May 2023.

(B) 2022 Share Option Scheme

A new share option scheme was adopted by shareholders of the Company at the annual general meeting on 31 May 2022 (the "2022 Share Option Scheme"), under which the Board may, at its discretion, offer any employees of the Group or any directors of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2022 Share Option Scheme has a life of 10 years from 31 May 2022 and no options were granted since the date of its adoption.

The number of share options available for grant under the scheme mandate of the 2022 Share Option Scheme as at 1 January 2023 and 30 June 2023 was 637,400,309 shares (representing 10% of the issued shares of the Company as at the said dates).

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

At 30 June 2023, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholder(s) had notified the Company of relevant interests and short positions in the issued shares of the Company:

Long Positions in Shares or Underlying Shares of the Company

Name of shareholder	Capacity/Nature of Interest	Interest in Shares	Interest in Derivatives	Total Interests	Approximate percentage of the Company's issued shares at 30.6.2023
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 of the Company 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 the shares of the Company held by Asia Pacific under the SFO. His interests are disclosed in the section headed "Directors' Interests or Short Positions in Shares and Underlying Shares" above.

Save as disclosed above, as at 30 June 2023, the Company has not been notified of any other interests or short positions in the shares or underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 34 to 78, which comprises the interim condensed consolidated statement of financial position of Sinolink Worldwide Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June 2023 <i>HK\$'000</i> <i>(unaudited)</i>	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i> <i>(restated)</i> <i>(Note 3(b))</i>
Revenue			
Interest income		12,832	11,723
Rental income		79,179	82,568
Revenue from contracts with customers		91,068	91,018
Total revenue	6	183,079	185,309
Cost of services	10	(73,207)	(77,714)
Gross profit		109,872	107,595
Other income	7	49,838	59,506
Selling expenses	10	(1,120)	(1,533)
Administrative expenses	10	(57,702)	(75,121)
Other gains/(losses), net	7	252	(11,633)
Fair value changes on investment properties	14	(256,905)	—
Net impairment loss on financial assets		(9,881)	(2,112)
Fair value loss on other financial assets at fair value through profit or loss ("FVTPL")		(14,121)	(25,018)
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL		(77,648)	(19,187)
Gain on dilution of interests in an associate	15	—	183,629
Share of results of associates		(27,646)	(73,513)
Finance costs	8	(32,869)	(17,244)
(Loss)/profit before income tax		(317,930)	125,369
Income tax credit/(expense)	9	38,530	(23,756)
(Loss)/profit for the period		(279,400)	101,613
Attributable to:			
Owners of the Company		(259,588)	89,454
Non-controlling interests		(19,812)	12,159
		(279,400)	101,613
		<i>HK cents</i>	<i>HK cents</i> <i>(restated)</i>
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company			
– Basic	12	(4.07)	1.40
– Diluted	12	(4.07)	1.40

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended	
	30 June 2023 <i>HK\$'000</i> <i>(unaudited)</i>	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i>
(Loss)/profit for the period	<u>(279,400)</u>	<u>101,613</u>
Other comprehensive expense		
<i>Item that will be subsequently reclassified to profit or loss:</i>		
Share of exchange differences on translation from functional currency to presentation currency of associates	(1,734)	—
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Exchange differences arising from the translation from functional currency to presentation currency	(217,548)	(487,545)
Changes in fair value of equity instruments at fair value through other comprehensive income (“FVTOCI”), net of tax	15,482	(42,788)
Share of changes in fair value on equity instruments at FVTOCI of an associate, net of tax	38,531	(103,293)
Other comprehensive expense for the period, net of tax	<u>(165,269)</u>	<u>(633,626)</u>
Total comprehensive expense for the period	<u>(444,669)</u>	<u>(532,013)</u>
Total comprehensive expense attributable to:		
Owners of the Company	(387,458)	(403,304)
Non-controlling interests	(57,211)	(128,709)
	<u>(444,669)</u>	<u>(532,013)</u>

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		As at	
	Notes	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (restated) (Note 3(b))
Non-current assets			
Property, plant and equipment	13	210,030	227,443
Investment properties	14	2,245,349	2,574,020
Interests in associates	15	1,660,477	1,816,879
Equity instruments at FVTOCI	20	1,850,699	1,883,175
Amounts due from associates at FVTPL	17	—	—
Loan receivable from an associate at FVTPL	17	—	—
Loan receivables	16	52,700	53,258
Other financial assets at FVTPL	21	327,669	340,051
Pledged bank deposits		1,128,091	1,164,726
Bank deposits		825,457	693,729
Other receivables	19	238,211	231,618
Deferred tax assets	23	10,058	7,925
		8,548,741	8,992,824
Current assets			
Stock of properties	18	852,387	873,634
Trade and other receivables, deposits and prepayments	19	48,316	44,975
Loan receivables	16	462,635	458,629
Other financial assets at FVTPL	21	13,218	8,573
Cash and cash equivalents		628,008	846,107
		2,004,564	2,231,918

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		As at	
	Notes	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (restated) (Note 3(b))
Current liabilities			
Trade payables, deposits received and accrued charges	22	419,444	428,281
Contract liabilities		8,410	9,966
Income tax payable		735,152	758,890
Borrowings	25	1,137,850	1,153,600
Lease liabilities		1,794	1,844
		<u>2,302,650</u>	<u>2,352,581</u>
Net current liabilities		<u>(298,086)</u>	<u>(120,663)</u>
Total assets less current liabilities		<u>8,250,655</u>	<u>8,872,161</u>
Non-current liabilities			
Lease liabilities		6,414	7,274
Deferred tax liabilities	23	745,075	824,359
		<u>751,489</u>	<u>831,633</u>
Net assets		<u>7,499,166</u>	<u>8,040,528</u>
Capital and reserves			
Share capital	24	637,400	637,400
Reserves		5,562,890	6,047,041
		<u>6,200,290</u>	<u>6,684,441</u>
Equity attributable to owners of the Company		<u>1,298,876</u>	<u>1,356,087</u>
Non-controlling interests			
Total equity		<u>7,499,166</u>	<u>8,040,528</u>

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

The interim condensed consolidated financial information on pages 34 to 78 were approved by the Board of Directors of the Company on 29 August 2023 and were signed on its behalf.

Xiang Ya Bo
Executive Director

Chen Wei
Executive Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to owners of the Company										
	Share capital	Share premium	Translation reserve	Share option reserve	General and other reserves	Contributed surplus	Investments revaluation reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023											
(as previously stated)	637,400	2,334,899	204,602	79,300	185,604	367,782	793,727	2,060,987	6,664,301	1,356,087	8,020,388
Restatement (Note 3(b))	-	-	-	-	-	-	-	20,140	20,140	-	20,140
At 1 January 2023 (as restated)	637,400	2,334,899	204,602	79,300	185,604	367,782	793,727	2,081,127	6,684,441	1,356,087	8,040,528
Loss for the period	-	-	-	-	-	-	-	(259,588)	(259,588)	(19,812)	(279,400)
Other comprehensive expense for the period	-	-	(175,742)	-	-	-	47,872	-	(127,870)	(37,399)	(165,269)
Total comprehensive (expense)/income for the period	-	-	(175,742)	-	-	-	47,872	(259,588)	(387,458)	(57,211)	(444,669)
<i>Transactions with owners in their capacity as owners:</i>											
Transfers	-	-	-	-	529	-	-	(529)	-	-	-
Share of an associate's reserves	-	-	-	-	(96,693)	-	-	-	(96,693)	-	(96,693)
At 30 June 2023 (unaudited)	<u>637,400</u>	<u>2,334,899</u>	<u>28,860</u>	<u>79,300</u>	<u>89,440</u>	<u>367,782</u>	<u>841,599</u>	<u>1,821,010</u>	<u>6,200,280</u>	<u>1,298,876</u>	<u>7,499,166</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to owners of the Company										
	Share capital	Share premium	Translation reserve	Share option reserve	General and other reserves	Contributed surplus	Investments revaluation reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022											
(as previously stated)	637,400	2,334,899	848,706	79,300	185,464	367,782	1,136,330	2,204,515	7,794,396	1,543,887	9,338,283
Restatement (Note 3(b))	-	-	-	-	-	-	-	19,165	19,165	-	19,165
At 1 January 2022 (as restated)	637,400	2,334,899	848,706	79,300	185,464	367,782	1,136,330	2,223,680	7,813,561	1,543,887	9,357,448
Profit for the period	-	-	-	-	-	-	-	89,454	89,454	12,159	101,613
Other comprehensive expense for the period	-	-	(350,696)	-	-	-	(142,062)	-	(492,758)	(140,868)	(633,626)
Total comprehensive (expense)/income for the period	-	-	(350,696)	-	-	-	(142,062)	89,454	(403,304)	(128,709)	(532,013)
<i>Transactions with owners in their capacity as owners:</i>											
Transfers	-	-	-	-	169	-	-	(169)	-	-	-
At 30 June 2022 (unaudited)	<u>637,400</u>	<u>2,334,899</u>	<u>498,010</u>	<u>79,300</u>	<u>185,633</u>	<u>367,782</u>	<u>994,268</u>	<u>2,312,965</u>	<u>7,410,257</u>	<u>1,415,178</u>	<u>8,825,435</u>

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended	
	30 June 2023 <i>HK\$'000</i> <i>(unaudited)</i>	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i>
Cash flows from operating activities		
Cash generated from/(used in) operations	10,978	(81,394)
Income tax paid	(19,013)	(58,924)
Interest received from financing services business	8,292	11,127
	257	(129,191)
Cash flows from investing activities		
Interest income received	16,793	73,485
Dividend received	6,874	5,062
Placement of structured deposits	—	(67,990)
Withdrawal of structured deposits	—	302,233
Placement of bank deposits	(155,230)	(678,099)
Withdrawal of bank deposits	—	5,760
Placement of pledged bank deposits	—	(95,066)
Purchase of property, plant and equipment	(2,260)	(2,689)
Proceeds from disposal of property, plant and equipment	421	7
Purchase of unlisted fund instrument at FVTOCI	(1,734)	—
Purchase of unlisted fund instrument at FVTPL	(13,498)	—
Purchase of equity instruments at FVTOCI	—	(841)
Receipts from disposal of equity instruments at FVTOCI	—	4
Proceed from redemption of Redeemable Preference Shares	—	305,623
Advance to associates	(7,842)	(6,950)
Repayment from associates	—	10,290
	(156,476)	(149,171)
Net cash used in investing activities		

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended	
	30 June	30 June
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from financing activities		
Proceeds of borrowings	—	100,000
Repayment of borrowings	(15,750)	—
Principal portion of lease liabilities	(909)	(2,558)
Interest portion of lease liabilities	(235)	(163)
Interest paid	(24,955)	(11,691)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(41,849)	85,588
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(198,068)	(192,774)
Cash and cash equivalents at beginning of the period	846,107	1,539,354
Effect of foreign exchange rate changes on cash and cash equivalents	(20,031)	(55,762)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	628,008	1,290,818
	<hr/> <hr/>	<hr/> <hr/>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

The interim condensed consolidated financial information is presented in thousands of units of Hong Kong dollar (HK\$’000), unless otherwise stated. This interim condensed consolidated financial information has been approved by the Board on 29 August 2023.

The interim condensed consolidated financial information for the six months ended 30 June 2023 has not been audited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

This interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this should be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by the Company during the interim reporting period.

At 30 June 2023, the Group’s current liabilities exceeded its current assets by HK\$298,086,000. As detailed in Note 25, bank borrowings with carrying amount of HK\$1,137,850,000 were subject to a repayable on demand clause and were classified as current liabilities as at 30 June 2023. In preparing the interim condensed consolidated financial information, the directors have taken into account all available information that could reasonably be expected and believe that it is not probable the banks would exercise their discretion right to demand immediate repayment of these borrowings and accordingly, loan principals of HK\$260,220,000 and HK\$877,630,000 would respectively be repaid within one year and within a period of more than one year but not exceeding two years after the reporting period end based on the scheduled repayment dates set out in the loan agreements. Should the borrowings be classified according to the scheduled repayment dates, the current liabilities would decrease by HK\$877,630,000 and the current assets would exceed the current liabilities by HK\$579,544,000.

2 BASIS OF PREPARATION (Continued)

Furthermore, there were bank deposits of HK\$1,128,091,000 pledged against the above-mentioned borrowings and they were classified as non-current assets as at 30 June 2023 because the pledge is expected to be released upon the loans' maturity date in 2024 and 2025 respectively.

Having considered the above conditions, the Group has sufficient financial resources, including unutilised banking facilities amounting to HK\$376,400,000 available to the Group as at 30 June 2023 (Note 25) to finance its operations and satisfy its financial obligations as and when they fall due within at least the next twelve months from the end of the reporting period. Accordingly, the interim condensed consolidated financial information has been prepared on a going concern basis.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

(a) *New and amended standard adopted by the Group*

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. Taxes on income in the interim periods are accrued with tax rate that would be applicable to expected total annual earnings.

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

3 ACCOUNTING POLICIES (Continued)

(b) Adoption of HKFRS 17 “Insurance Contracts” (“HKFRS 17”)

The Group has adopted HKFRS 17 “Insurance Contracts” from 1 January 2023, the standard supersedes HKFRS 4 “Insurance Contracts” and requires a retrospective adoption. The transition date of adopting HKFRS 17 is 1 January 2022. The adoption of HKFRS 17 resulted in changes in the accounting policies related to recognition, measurement, presentation, and disclosure of insurance contracts. As a result, the comparative balances of the Group’s “Interests in associates” and the respective amounts of “Share of results of associates” were restated, the impact is disclosed below. The Group applied full retrospective approach when adopting HKFRS 17. At transition, the Group’s interests in associates and retained earnings were increased by HK\$19,165,000.

The Group applied the Full Retrospective Approach transition approach when adopting HKFRS 17.

HKFRS 17 introduces the general measurement model (“GMM”) for the recognition and measurement of insurance contracts, which requires measuring insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.

The Group accounts for an insurance contract based on the guidance in HKFRS 17, including aspects over:

- The definition and classification of the contracts;
- The contract boundary of the contracts;
- The determination of the unit of account; and
- The recognition and measurement model (i.e. GMM) applied.

Under GMM, the insurance contracts comprise an estimate of future cash flow, a risk adjustment for non-financial risk and a contractual service margin (that represents the unearned profit the entity will recognise as it provides insurance contract services in the future). In estimating future cash flows, the Group considers current expectations of future events that might affect those cash flows and set relevant assumptions that best reflect the Group’s expectation.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (Continued)

(b) Adoption of HKFRS 17 "Insurance Contracts" ("HKFRS 17") (Continued)

A summary of the accumulated effects of the adoption on the consolidated statements of financial position of the Group as at 31 December 2022 and the interim condensed consolidated statement of profit or loss of the Group for the six months ended 30 June 2022 are presented as below:

Impact to the consolidated statement of financial position as at 31 December 2022

	As at 31 December 2022		
	As previously stated HK\$'000	Impact of adoption of HKFRS 17 HK\$'000	As restated HK\$'000
Non-current assets			
Interests in associates	1,796,739	20,140	1,816,879
Equity			
Reserves	<u>(6,026,901)</u>	<u>(20,140)</u>	<u>(6,047,041)</u>

Impact to the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2022

	For the six months ended 30 June 2022		
	As previously stated HK\$'000	Impact of adoption of HKFRS 17 HK\$'000	As restated HK\$'000
Share of results of associates	(77,858)	4,345	(73,513)
Profit before income tax	121,024	4,345	125,369
Profit for the period	<u>97,268</u>	<u>4,345</u>	<u>101,613</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (Continued)

(c) Impact of standards issued but not yet applied by the Group

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact in the Group in the current or future reporting periods and on foreseeable future transactions.

4 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy and valuation techniques used to determine fair values

The Group classifies its financial instruments into the three levels prescribed under the accounting standards.

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2023 and 31 December 2022 on a recurring basis:

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key input(s)
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)		
Equity securities of ZhongAn Online classified as equity instruments at FVTOCI	1,725,300	1,741,500	Level 1	Quoted bid prices in an active market
Equity securities of an entity listed in Hong Kong classified as equity instruments at FVTOCI	47,279	62,730	Level 1	Quoted bid prices in an active market
Unlisted fund investments classified as equity instruments at FVTOCI	69,470	70,106	Level 3	Fair value measurement basis conducted by financial institution (which is based on net asset value of fund (i.e. fair value of the portfolio included in the fund))

4 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(a) *Fair value hierarchy and valuation techniques used to determine fair values (Continued)*

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key input(s)
	30 June 2023 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2022 <i>HK\$'000</i> <i>(audited)</i>		
Unlisted equity securities classified as equity instruments at FVTOCI	7,565	7,719	Level 3	Fair value measurement basis conducted by financial institution (which is based on net asset value of the entity (i.e. fair value of the portfolio included in the entity))
Unlisted fund investments classified as financial assets at FVTPL	318,998	332,899	Level 3	Fair value measurement basis conducted by financial institution (which is based on net asset value of fund (i.e. fair value of the portfolio included in the fund))
Unlisted fund investments classified as equity instruments at FVTOCI	1,085	1,120	Level 2	Recent transaction price
Equity securities listed in Hong Kong, PRC and the overseas classified as financial assets at FVTPL	21,889	15,724	Level 1	Quoted bid prices in an active market

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(a) *Fair value hierarchy and valuation techniques used to determine fair values (Continued)*

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key input(s)
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)		
Loan receivable from an associate and amounts due from associates at FVTPL	—	—	Level 3	Discounted cash flow based on the estimated future cash flows (including the key input of growth rate of 2.0% (31 December 2022: 2.0%)) that are expected to receive by the Group as well as the estimated timing of such receipts, discounted at a rate that reflects the credit risk of the associates of 20.9% (31 December 2022: 18.9%) (Note i)

Notes:

- (i) The management of the Group has performed sensitivity analysis on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL as at 30 June 2023 for (i) a 0.5% increase in the growth rate holding all other variables constant and (ii) a 0.5% decrease in the discount rate holding all other variables constant. There is no change to the carrying amount of loan receivable from an associate at FVTPL and amounts due from associates at FVTPL as the change in fair value in the sensitivity analysis is then offset by the share of loss of RGAP Group, the management of the Group considers the disclosure of the result of sensitivity analysis is unrepresentative for loan receivable from an associate at FVTPL and amounts due from associates at FVTPL as at 30 June 2023.

4 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(a) *Fair value hierarchy and valuation techniques used to determine fair values (Continued)*

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2023.

Level 1: The fair value of financial instruments traded in active markets (e.g. 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 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 (e.g. 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.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and unlisted fund investments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(b) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2023 and 2022:

	Other financial assets at FVTPL HK\$'000	Loan receivable from an associate at FVTPL HK\$'000	Amounts due from associates at FVTPL HK\$'000	Unlisted Instruments at FVTOCI HK\$'000	Structured bank deposits at FVTPL HK\$'000	Total HK\$'000
At 1 January 2022 (audited)	1,098,808	—	—	124,850	307,036	1,530,694
Disposal/settlement/redemption	(342,274)	—	—	—	—	(342,274)
Placement of structured deposits	—	—	—	—	67,990	67,990
Withdrawal of structured deposits	—	—	—	—	(302,233)	(302,233)
Advance to associates	—	—	6,950	—	—	6,950
Repayment from associates	—	—	(10,290)	—	—	(10,290)
Share of results of associates	—	23,150	—	—	—	23,150
Currency realignment	(40,119)	(623)	—	(1,243)	(6,711)	(48,696)
Fair value change to profit or loss	(41,688)	(22,527)	3,340	—	—	(60,875)
Fair value change to other comprehensive income	—	—	—	(27,476)	—	(27,476)
At 30 June 2022 (unaudited)	<u>674,727</u>	<u>—</u>	<u>—</u>	<u>96,131</u>	<u>66,082</u>	<u>836,940</u>
At 1 January 2023 (audited)	332,899	—	—	77,825	—	410,724
Purchases	13,498	—	—	1,734	—	15,232
Advance to associates	—	—	7,842	—	—	7,842
Share of results of associates	—	69,806	—	—	—	69,806
Currency realignment	(6,746)	—	—	(676)	—	(7,422)
Fair value change to profit or loss	(20,653)	(69,806)	(7,842)	—	—	(98,301)
Fair value change to other comprehensive income	—	—	—	(1,848)	—	(1,848)
At 30 June 2023 (unaudited)	<u>318,998</u>	<u>—</u>	<u>—</u>	<u>77,035</u>	<u>—</u>	<u>396,033</u>

There were no transfers between the levels of the fair value hierarchy in the six months to 30 June 2023. There were also no changes made to any of the valuation techniques applied as of 31 December 2022.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the interim condensed consolidated statement of financial position approximate their fair values as at 30 June 2023.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated financial information, the critical accounting estimates and judgements applied were consistent with those described in the annual consolidated financial statements for the year ended 31 December 2022.

6 REVENUE AND SEGMENT INFORMATION

(a) Revenue

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

	Six months ended	
	30 June	30 June
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Recognised over time under HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15"):		
– Property management fee income	58,315	63,383
– Others	32,753	27,635
	<hr/>	<hr/>
Recognised under HKFRS 15	91,068	91,018
Recognised under other HKFRSs:		
– Rental income	79,179	82,568
– Interest income from financing services business	12,832	11,723
	<hr/>	<hr/>
	183,079	185,309
	<hr/> <hr/>	<hr/> <hr/>

All of the Group's revenue is generated from the People's Republic of China (the "PRC") during the six months ended 30 June 2023 and 30 June 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue (Continued)

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

For the six months ended 30 June 2023 (unaudited)

	Property management HK\$'000	Property investment HK\$'000	Financing services HK\$'000	Others HK\$'000	Total HK\$'000
Property management fee income	58,315	–	–	–	58,315
Others	–	–	–	32,753	32,753
Revenue from contracts with customers	58,315	–	–	32,753	91,068
Rental income	–	79,179	–	–	79,179
Interest income from financing services business	–	–	12,832	–	12,832
Total revenue	58,315	79,179	12,832	32,753	183,079

For the six months ended 30 June 2022 (unaudited)

	Property management HK\$'000	Property investment HK\$'000	Financing services HK\$'000	Others HK\$'000	Total HK\$'000
Property management fee income	63,383	–	–	–	63,383
Others	–	–	–	27,635	27,635
Revenue from contracts with customers	63,383	–	–	27,635	91,018
Rental income	–	82,568	–	–	82,568
Interest income from financing services business	–	–	11,723	–	11,723
Total revenue	63,383	82,568	11,723	27,635	185,309

6 REVENUE AND SEGMENT INFORMATION (Continued)

(b) *Segment information*

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

Property development: property development and sale of properties

Property investment: property leasing

Property management: provision of property management services

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

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

Six months ended 30 June 2023 (unaudited)

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Financing services <i>HK\$'000</i>	Total for reportable segments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue							
External sales	—	79,179	58,315	12,832	150,326	32,753	183,079
Result							
Segment result	(958)	(186,480)	2,015	1,716	(183,707)	770	(182,937)
Other income							49,838
Unallocated corporate expenses							(26,514)
Unallocated other gains and losses							(6,033)
Fair value loss on other financial assets at FVTPL							(14,121)
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL							(77,648)
Share of results of associates							(27,646)
Finance costs							(32,869)
Loss before income tax							(317,930)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Six months ended 30 June 2022 (restated) (Note 3(b))

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Financing services <i>HK\$'000</i>	Total for reportable segments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue							
External sales	<u>–</u>	<u>82,568</u>	<u>63,383</u>	<u>11,723</u>	<u>157,674</u>	<u>27,635</u>	<u>185,309</u>
Result							
Segment result	<u>(323)</u>	<u>67,653</u>	<u>1,069</u>	<u>8,694</u>	<u>77,093</u>	<u>(2,129)</u>	<u>74,964</u>
Other income							59,506
Unallocated corporate expenses							(46,137)
Unallocated other gains and losses							(11,631)
Gain on dilution of interests in an associate							183,629
Fair value loss on other financial assets at FVTPL							(25,018)
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL							(19,187)
Share of results of associates							(73,513)
Finance costs							<u>(17,244)</u>
Profit before income tax							<u>125,369</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7 OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	Six months ended	
	30 June 2023 HK\$'000 (unaudited)	30 June 2022 HK\$'000 (unaudited)
Other income comprises:		
Dividends from financial assets at FVTOCI	6,874	5,062
Interest income on bank deposits	20,150	36,102
Interest income on pledged deposits	19,947	13,227
Interest income on structured deposits	—	2,116
Others	2,867	2,999
	<u>49,838</u>	<u>59,506</u>
Other gains/(losses), net comprises:		
Gain on disposal of property, plant and equipment	421	—
Net exchange losses, net	(169)	(11,633)
	<u>252</u>	<u>(11,633)</u>

8 FINANCE COSTS

	Six months ended	
	30 June 2023 HK\$'000 (unaudited)	30 June 2022 HK\$'000 (unaudited)
Interest on borrowings	31,917	16,247
Interest on lease liabilities	235	163
Interest on deposits received for rental	717	834
	<u>32,869</u>	<u>17,244</u>

9 INCOME TAX (CREDIT)/EXPENSE

	Six months ended	
	30 June 2023	30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Current income tax		
– PRC corporate income tax	27,059	26,474
– PRC withholding income tax	–	12,225
– Over-provision of PRC corporate income tax in prior years	(557)	–
Deferred income tax (Note 23)	(65,032)	(14,943)
	<u>(38,530)</u>	<u>23,756</u>

Income tax expense is recognised based on management’s estimate of the weighted average effective annual income tax rate expected for the full financial year.

PRC corporate income tax

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

The corporate income tax rate applicable to the group entities located in the PRC is 25% (six months ended 30 June 2022: 25%) according to the Corporate Income Tax Law of the PRC (the “CIT Law”).

PRC land appreciation tax (“LAT”)

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

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

9 INCOME TAX (CREDIT)/EXPENSE (Continued)

PRC withholding income tax

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

Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% for the six months ended 30 June 2023 (six months ended 30 June 2022: 16.5%). Hong Kong profits tax has not been provided as the Group did not have any assessable profit for both periods.

Since 2012, Hong Kong Inland Revenue Department (“IRD”) queried against a subsidiary of the Group regarding the chargeability of notional interest income received from an associate of the Group in the tax returns for the years of assessment 2005/2006 to 2013/2014. Up to 30 June 2023, the IRD has issued Notice of Assessments for the years of assessment 2006/2007 to 2013/2014 and the Group has purchased tax reserve certificates of approximately HK\$134,750,000 (31 December 2022: HK\$134,750,000) for conditional standover order of objection against the notices of Assessments for the years of assessment 2006/2007 to 2013/2014. The amount is presented as “other receivables” in the Group’s interim condensed consolidated statement of financial position. In 2016, the IRD issued a letter informing the Group, that the IRD would put up the case for Commissioner’s determination. In 2021, the Commissioner has issued notice of objection to the Group, and the Group has filed notice of appeal to Board of Review (Inland Revenue Ordinance) for hearing and determining tax appeals. During the period ended 30 June 2023, the appeal hearing was held. Up to the date of issuance of the interim condensed consolidated financial information, the results of appeal hearing is yet to be received. Having taken advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary for the relevant years of assessments and hence it is not probable that an outflow of resources will be required to settle this obligation, thus no provision is recognised for the period ended 30 June 2023.

9 INCOME TAX (CREDIT)/EXPENSE (Continued)

Hong Kong profits tax (Continued)

Furthermore, since 2011, the IRD has queried against another subsidiary of the Group regarding the offshore claim in respect of certain income on the transactions between group entities for the year of assessment 2007/2008. Up to 30 June 2023, the Group has purchased tax reserve certificate of approximately HK\$23,649,000 (31 December 2022: HK\$23,649,000) for conditional standover order of objection. The amount is presented as “other receivables” in the Group’s interim condensed consolidated statement of financial position. In 2016, the IRD issued a letter informing the Group that the IRD would put up the case for Commissioner’s determination. In 2021, the Commissioner has issued notice of objection to the Group and the Group has filed notice of appeal to Board of Review (Inland Revenue Ordinance) for hearing and determining tax appeals. Up to the date of issuance of the interim condensed consolidated financial information, the appeal hearing is yet to be held. Having taken advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary for the relevant year of assessment and hence it is not probable that an outflow of resources will be required to settle this obligation. Thus no provision is recognised for the period ended 30 June 2023.

10 EXPENSES BY NATURE

	Six months ended	
	30 June 2023	30 June 2022
	<i>HK\$’000</i>	<i>HK\$’000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Employee benefit expenses (including directors’ emoluments)	61,164	70,953
Depreciation of right-of-use assets	1,544	4,387
Depreciation of other property, plant and equipment	11,779	12,352
Legal and professional fees	7,733	24,433
Utilities	8,801	12,126
Repairs and maintenance	6,968	7,216
Bank charges	5,238	4,011
Auditor’s remuneration		
– Audit services	800	678
– Non-audit services	1,380	–
	61,164	70,953

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

11 DIVIDENDS

No dividends were paid, declared and proposed by the Company during the interim period (six months ended 30 June 2022: nil). The directors resolved that no dividend will be paid in respect of the interim period (six months ended 30 June 2022: nil).

12 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended	
	30 June 2023 (unaudited)	30 June 2022 (restated) (Note 3(b))
(Loss)/profit attributable to owners of the Company during the periods (HK\$'000)	(259,588)	89,454
Weighted average number of ordinary shares in issue	6,374,003,096	6,374,003,096
Basic (loss)/earnings per share (HK\$ cents)	<u>(4.07)</u>	<u>1.40</u>

(b) Diluted

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

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

13 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment of approximately HK\$2,260,000 (six months ended 30 June 2022 (unaudited): HK\$2,689,000).

As at 30 June 2023, the Group has provided an accumulated impairment of HK\$58,882,000 on the hotel buildings and related building improvement. As the recoverable amount of hotel buildings, which was accessed based on fair value less cost of disposal, approximated the carrying amount of that as at 30 June 2023, there is no impairment or reversal of impairment recognised in current interim period.

14 INVESTMENT PROPERTIES

	Six months ended	
	30 June 2023 <i>HK\$'000</i> <i>(unaudited)</i>	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i>
Opening net book amount	2,574,020	2,822,127
Fair value changes on investment properties	(256,905)	—
Exchange realignment	(71,766)	(122,127)
	2,245,349	2,700,000

The Group measures its completed investment properties at fair value at 30 June 2023 and 31 December 2022, which have been arrived at on the basis of a valuation carried out on those dates by an independent qualified professional valuer, who is the member of the Hong Kong Institute of Surveyors. For all investment properties, their current use equates to the highest and best use.

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 INVESTMENT PROPERTIES (Continued)

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

At 30 June 2023, the Group's investment properties with carrying values of HK\$433,839,000 (31 December 2022: HK\$516,237,000) were pledged to secure general banking facilities granted to the Group (Note 25).

Below is a summary of the key inputs to the valuation of investment properties:

Properties	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
As at 30 June 2023				
Various properties located in PRC	Income capitalisation approach	Capitalisation rate	4.25% - 6.75%	The higher capitalisation rate, the lower the fair value
		Market rent (sq.m./month)	RMB90 – RMB430	The higher market rent, the higher the fair value
As at 31 December 2022				
Various properties located in PRC	Income capitalisation approach	Capitalisation rate	4.75% - 6.75%	The higher capitalisation rate, the lower the fair value
		Market rent (sq.m./month)	RMB92 - RMB620	The higher market rent, the higher the fair value

15 INTERESTS IN ASSOCIATES

	As at	
	30 June 2023 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2022 <i>HK\$'000</i> <i>(restated)</i> <i>(Note 3(b))</i>
Cost of unlisted interests in associates	2,516,232	2,516,232
Share of post-acquisition results and gain on dilution of interests in an associate (Note i)	(855,755)	(699,353)
	<u>1,660,477</u>	<u>1,816,879</u>

Note:

- (i) During the six months ended 30 June 2023, the Group's share of loss and other comprehensive income from associates was mainly arisen from ZhongAn Technologies International Group Limited ("ZhongAn International") of HK\$102,038,000 and HK\$57,017,000, respectively (six months ended 30 June 2022 (restated): share of loss and other comprehensive expenses of HK\$96,726,000 and HK\$103,293,000, respectively).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 LOAN RECEIVABLES

	As at	
	30 June 2023 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2022 <i>HK\$'000</i> <i>(audited)</i>
Loan receivables (Note i)	553,885	541,852
Less: loss allowance	<u>(38,550)</u>	<u>(29,965)</u>
Total	<u>515,335</u>	<u>511,887</u>
The loan receivables analysed as follows:		
Non-current	52,700	53,258
Current	<u>462,635</u>	<u>458,629</u>
	<u>515,335</u>	<u>511,887</u>

Note:

- (i) Loan receivables to independent third parties are unsecured and carried interest rate ranged from 4.0% to 7.0% (31 December 2022: 4.0% to 7.0%) per annum and will be matured in 2023 to 2024 (31 December 2022: 2023 to 2024).

As part of the Group's credit risk management, the debtors are assessed individually by the management of the Group as at 30 June 2023 and 31 December 2022 by reference to past default experience, current past due exposure of the debtor, the nature and prospect of the debtor's operation. The loss rate ranging from 0.01% to 63.1% (31 December 2022: 2.26% to 48.7%) is applied to the debtors. As at 30 June 2023, the impairment loss allowance on loans receivables is HK\$38,550,000 (31 December 2022: HK\$29,965,000).

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

During the six months ended 30 June 2023, the Group has recognised provision for impairment loss allowance of HK\$9,881,000 (six months ended 30 June 2022 (unaudited): provision for impairment loss allowance of HK\$2,112,000).

**17 LOAN RECEIVABLE FROM AN ASSOCIATE AT FVTPL/
AMOUNTS DUE FROM ASSOCIATES AT FVTPL**

	As at	
	30 June 2023 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2022 <i>HK\$'000</i> <i>(audited)</i>
Loan receivable from an associate and amounts due from associates at FVTPL	446,533	516,339
Less: Share of loss and other comprehensive expenses of associate in excess of cost of investment	<u>(446,533)</u>	<u>(516,339)</u>
	<u>—</u>	<u>—</u>

Rockefeller Group Asia Pacific, Inc. (“RGAP”) is principally engaged in property development and property investment in Shanghai. The amount represents a shareholder’s loan receivable from RGAP for financing a property development and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. As at 30 June 2023 and 31 December 2022, amounts due from associates, which represented the current account with RGAP Group which also forms part of the net investment in RGAP. The loan receivable from an associate and amounts due from associates are unsecured and has no fixed repayment terms. The directors of the Company consider that the loan receivable from an associate at FVTPL and amounts due from associates at FVTPL will not be repayable within one year from the end of the reporting period, they are classified as non-current asset accordingly.

As the loan receivable from an associate and amounts due from associates were considered as a net investment, the Group has recognised its share of loss of RGAP in excess of the cost of investment against the loan receivable from an associate and amounts due from associates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 LOAN RECEIVABLE FROM AN ASSOCIATE AT FVTPL/ AMOUNTS DUE FROM ASSOCIATES AT FVTPL (Continued)

Loan receivable from an associate and the amounts due from associates represent an investment in the project of RGAP. In accordance with the investment agreement, the Group and the other shareholder contributed minimal amount of capital and substantially all portion of the associates' capital expenditures/operations were funded through loan receivable from an associate and amounts due from associates by the Group and a detailed analysis of the particular facts and circumstances led to the conclusion that the repayments of loan receivable and amounts due from associates do not solely payments of principal and interest on the principal amount outstanding. Hence, loan receivable from an associate as well as the amounts due from associates are both measured at FVTPL. The directors of the Company assessed the fair value of the loan receivable from an associate at FVTPL and amounts due from associates at FVTPL by taking into consideration the expected time to sell the residential properties and the expected market price and the future rental income of the properties, where appropriate, in order to determine the estimated future cash flows to the Group and timing of such cash flows discounted at market interest rate. Details of the valuation techniques and key inputs are disclosed in Note 4.

18 STOCK OF PROPERTIES

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Properties under development	<u>852,387</u>	<u>873,634</u>

Properties under development of the Group are all located in the PRC and expected to be completed and available for sale within normal operating cycle.

At 30 June 2023 and 31 December 2022, no properties under development were pledged as securities for the Group's borrowing.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

19 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	30 June 2023 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2022 <i>HK\$'000</i> <i>(audited)</i>
Trade receivables from property management and property investment business	6,425	7,602
Less: loss allowance	—	—
	<hr/>	<hr/>
Trade receivables, net	6,425	7,602
Interest receivables from bank deposits	90,386	70,122
Other receivables, deposits and prepayments	31,317	40,470
Tax reserve certificate (Note 9)	158,399	158,399
	<hr/>	<hr/>
	286,527	276,593
	<hr/> <hr/>	<hr/> <hr/>
Non-current	238,211	231,618
Current	48,316	44,975
	<hr/>	<hr/>
	286,527	276,593
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

19 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

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

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Aged:		
0 to 60 days	3,110	5,466
61 to 180 days	1,852	1,052
Over 181 days	1,463	1,084
	<u>6,425</u>	<u>7,602</u>

The Group applied simplified approach to provide for expected credit loss (“ECL”) prescribed by HKFRS 9 “Financial Instruments” (“HKFRS 9”). To measure the ECL of trade receivables from property management and property investments business, trade receivables have been grouped based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtor. Management of the Group considers that the ECL for trade receivables is insignificant as the debtors have good settlement history.

20 EQUITY INSTRUMENTS AT FVTOCI

	As at	
	30 June 2023 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2022 <i>HK\$'000</i> <i>(audited)</i>
Equity securities of ZhongAn Online, at fair value (Note i)	1,725,300	1,741,500
Equity securities of an entity listed in Hong Kong, at fair value	47,279	62,730
Unlisted fund investments in the PRC and overseas, at fair value	70,555	71,226
Unlisted equity securities in Hong Kong and the PRC, at fair value	7,565	7,719
Total (Note ii)	<u>1,850,699</u>	<u>1,883,175</u>

Notes:

- (i) The Group held 81,000,000 the public-traded ordinary share capital of ZhongAn Online H Shares that subject to lock-up mechanisms. As at 30 June 2023, the lock-up of 62,057,778 (31 December 2022: 62,057,778) ZhongAn Online H Shares will expire in December 2024. The fair value of investment in ZhongAn Online as at 30 June 2023 and 31 December 2022 has been arrived based on the quoted bid prices in an active market.
- (ii) The Group has made an irrevocable election to designate these investments in equity instruments as at FVTOCI. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21 OTHER FINANCIAL ASSETS AT FVTPL

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Equity securities listed in Hong Kong	2,703	3,304
Equity securities listed in the PRC	10,515	5,269
Equity securities listed in the overseas	8,671	7,151
Unlisted fund investments in the PRC (Note i)	208,198	218,119
Unlisted fund investments in overseas (Note i)	110,800	114,781
	<u>340,887</u>	<u>348,624</u>
Other financial assets at FVTPL analysed as follows:		
Non-current	327,669	340,051
Current	13,218	8,573
	<u>340,887</u>	<u>348,624</u>

Note:

- (i) Details of the fair value estimation are set out in Note 4.

22 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Trade payables	28,592	30,182
Accruals for construction work	156,553	161,637
Deposits received for rental	37,430	37,094
Advance lease payments	11,374	11,694
Deposits received for management fee	43,343	42,799
Other tax payables	16,350	16,964
Salaries payables and staff welfare payables	49,349	52,608
Other payables and accrued charges	76,453	75,303
	<u>419,444</u>	<u>428,281</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES (Continued)

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

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Aged:		
0 to 90 days	3,811	4,543
91 to 180 days	915	1,018
181 to 360 days	1,847	1,736
Over 360 days	22,019	22,885
	<u>28,592</u>	<u>30,182</u>

23 DEFERRED TAX ASSETS/(LIABILITIES)

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Deferred tax assets	10,058	7,925
Deferred tax liabilities	(745,075)	(824,359)
	<u>(735,017)</u>	<u>(816,434)</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

23 DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the periods:

	Fair value change on investment properties <i>HK\$'000</i>	Fair value change of equity instruments at FVTOCI <i>HK\$'000</i>	Fair value change of other financial assets at FVTPL <i>HK\$'000</i>	ECL provision <i>HK\$'000</i>	Undistributed profits of subsidiaries <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2023 (audited)	(343,877)	(412,591)	(35,821)	7,925	(32,070)	(816,434)
Currency realignment	8,517	13,237	1,008	(337)	1,187	23,612
Credited/(charged) to profit or loss (Note 9)	64,226	—	3,321	2,470	(4,985)	65,032
Charged to other comprehensive income	—	(7,227)	—	—	—	(7,227)
At 30 June 2023 (unaudited)	<u>(271,134)</u>	<u>(406,581)</u>	<u>(31,492)</u>	<u>10,058</u>	<u>(35,868)</u>	<u>(735,017)</u>

	Fair value change on investment properties <i>HK\$'000</i>	Fair value change of equity instruments at FVTOCI <i>HK\$'000</i>	Fair value change of other financial assets at FVTPL <i>HK\$'000</i>	ECL provision <i>HK\$'000</i>	Undistributed profits of subsidiaries <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2022	(378,432)	(531,131)	(52,765)	3,035	(42,565)	(1,001,858)
Currency realignment	12,430	18,023	1,501	(143)	1,187	32,998
Credited to profit or loss (Note 9)	—	—	7,097	434	7,412	14,943
Credited to other comprehensive income	—	9,355	—	—	—	9,355
At 30 June 2022 (unaudited)	<u>(366,002)</u>	<u>(503,753)</u>	<u>(44,167)</u>	<u>3,326</u>	<u>(33,966)</u>	<u>(944,562)</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

24 SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2022 (audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	<u>15,000,000,000</u>	<u>1,500,000</u>
Issued and fully paid:		
At 1 January 2022 (audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	<u>6,374,003,096</u>	<u>637,400</u>

25 BORROWINGS

	As at	
	30 June 2023 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2022 <i>HK\$'000</i> <i>(audited)</i>
Current:		
Bank borrowings - secured and repayment on demand	<u>1,137,850</u>	<u>1,153,600</u>
Carrying amounts of borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	<u>260,220</u>	102,180
Within a period of more than one year but not exceeding two years	<u>877,630</u>	<u>1,051,420</u>
	<u>1,137,850</u>	<u>1,153,600</u>
Less: Amount classified as current liabilities	<u>(1,137,850)</u>	<u>(1,153,600)</u>
Amount due after one year and classified as non-current liabilities	<u>—</u>	<u>—</u>

All bank borrowings were dominated in HK\$.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

25 BORROWINGS (Continued)

As at 30 June 2023, bank borrowings of HK\$1,137,850,000 (31 December 2022: HK\$1,153,600,000) carried interest at benchmark interest rate as stipulated by Hong Kong Interbank Offered Rate plus a certain percentage.

The interest rates as at the end of the reporting period for the loans range from 4.33% to 6.52% (31 December 2022: 4.87% to 7.42%) per annum.

At 30 June 2023, pledged bank deposits of HK\$1,128,091,000 (31 December 2022: HK\$1,164,726,000) and investment properties of HK\$433,839,000 (31 December 2022: HK\$516,237,000) were pledged to banks to secure general banking facilities granted to the Group.

As at 30 June 2023 and 31 December 2022, the Group has the following undrawn borrowing facilities:

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Expiring within one year	<u>376,400</u>	<u>376,400</u>

26 RELATED PARTY TRANSACTIONS

The major related parties that had transactions with the Group were as follows:

Name of related parties	Relationship with the Group
RGAP	An associate of the Group
ZA Bank Limited	An associate of the Group

The following is a summary of significant related party transactions which, in the opinion of the directors, are entered into in the ordinary course of business between the Group and its related parties, and the balances arising from related party transactions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

26 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions

Name of related party	Nature of transaction	Six months ended	
		30 June 2023 HK\$'000 (unaudited)	30 June 2022 HK\$'000 (unaudited)
RGAP	Project management fee income	<u>13,098</u>	<u>13,098</u>

The transactions were entered into at prices and terms mutually agreed by the relevant parties.

(b) Period-end/year-end balances with related parties

	As at		Nature
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)	
Amount due to ZA Bank	<u>597</u>	<u>4,452</u>	Non-trade

The balance was unsecured, interest free and repayable on demand. This balance was denominated in HK\$.

(c) Key management compensation

Key management compensation for the six months ended 30 June 2023 and 2022 are set out below:

	Six months ended	
	30 June 2023 HK\$'000 (unaudited)	30 June 2022 HK\$'000 (unaudited)
Employee benefit expenses (including directors' emoluments)		
– Salaries and other employee benefits	2,575	2,575
– Pension costs	30	30
	<u>2,605</u>	<u>2,605</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

27 FINANCIAL GUARANTEE CONTRACTS

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	<u>3,031</u>	<u>7,100</u>

No financial liabilities were recognised in respect of financial guarantee contracts. In the opinion of the directors, the fair values of the financial guarantee contracts at initial recognition were insignificant and it is not probable that the counterparties would default on the relevant loans. At the end of the current interim period, the management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12-month ECL. No loss allowance was recognised in the profit or loss.

28 COMMITMENTS

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Commitments in respect of properties under development for sale: – contracted for but not provided in the interim condensed consolidated financial information	<u>31,421</u>	<u>36,824</u>

29 SHARE OPTIONS

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the “2012 Share Option Scheme”), under which the board of directors might, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme had a life of 10 years. On 15 May 2015, the Group granted 79,000,000 share options to the directors of the Company and 40,000,000 share options to the employees of the Group (5,000,000 share options were lapsed prior to 1 January 2021).

A share option scheme was adopted by shareholders of the Company on 31 May 2022 (the “2022 Share option Scheme”), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2022 Share Option Scheme has a life of 10 years. During the six months ended 30 June 2023, no shares have been granted 17,784,000 share options were adjusted upon the completion of the rights issue on 15 April 2021.

The table below discloses movement of the Company’s share options held by the directors and the employees for 2012 Share Option Scheme:

	Number of share options
At 1 January 2022 (audited) and 30 June 2022 (unaudited)	131,784,000
Exercisable at 30 June 2022	<u>131,784,000</u>
At 1 January 2023 (audited) and 30 June 2023 (unaudited)	131,784,000
Lapsed during the period	<u>(6,936,000)</u>
Exercisable at 30 June 2023	<u>124,848,000</u>

All share options granted under 2012 Share Option Scheme were fully vested as at 31 December 2022 and 30 June 2023. As at 30 June 2023, the share option under 2012 Share Option Scheme is exercisable from the completion of vesting period to 14 May 2025 with exercise price of HK\$1.185 (31 December 2022: HK\$1.185).

As at 30 June 2023, the number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 124,848,000 (31 December 2022: 131,784,000), representing 2.0% (31 December 2022: 2.1%) of the shares of the Company in issue.

30 EVENTS OCCURRING AFTER THE REPORTING PERIOD

During the six months ended 30 June 2023, the Group entered into a share purchase agreement with ZhongAn International and other shareholders of ZhongAn International, pursuant to which the Group conditionally agreed to subscribe for a maximum of 96,508,924 of ZhongAn International new ordinary shares for a total subscription price up to approximately US\$63,696,000 (equivalent to approximately HK\$493,644,000) which will take place in two tranches (“Additional Sinolink Subscription”). On 14 August 2023, upon the initial closing, the Group has subscribed for 67,556,247 ordinary shares of ZhongAn International for a total subscription price of approximate US\$44,587,000 (equivalent to approximately HK\$345,550,000) in cash and the Group’s equity interests in ZhongAn International increased from 44.75% to 46.04%.

Upon the completion of initial closing of the Additional Sinolink Subscription, the shareholders agreement of ZhongAn International became effective, and ZhongAn International was accounted for as a joint venture of the Group using the equity method with no remeasurement of retained interest in ZhongAn International. Upon the subsequent closing, the Company will further subscribe 28,952,667 ordinary shares of ZhongAn International. Up to the date of this report, the subsequent closing is not yet completed.