百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2023

- Revenue decreased 5% to HK$360.8 million
- Gross profit decreased 8% to HK$208.9 million
- Loss attributable to owners of the Company amounted to HK$278.2 million
- Basic loss per share amounted to HK4.37 cents

The board of directors (the "Board") of Sinolink Worldwide Holdings Limited (the "Company") announced the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2023.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000* *(Restated)* *(Note 2(b))*
Revenue			
Interest income		**25,223**	25,587
Rental income		**166,042**	176,349
Other revenue from contracts with customers		**169,548**	178,445
Total revenue	3	**360,813**	380,381
Cost of sales		**(151,921)**	(153,487)
Gross profit		**208,892**	226,894
Other income	4	**95,710**	130,516
Selling expenses		**(3,456)**	(3,633)
Administrative expenses		**(112,566)**	(133,794)
Other gains/(losses), net	5	**611**	(33,574)
Fair value loss of investment properties	11	**(253,483)**	(11,472)
Net impairment loss on financial assets		**(28,782)**	(20,779)
Fair value losses on other financial assets at fair value through profit or loss ("FVTPL"), net		**(2,324)**	(109,420)
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at FVTPL	14	**(285,371)**	(202,171)
Gain on dilution of investments accounted for using the equity method	12	**131,970**	183,629
Share of results of investments accounted for using the equity method		**29,583**	(59,906)
Finance costs	6	**(87,140)**	(46,006)
Loss before taxation		**(306,356)**	(79,716)
Income tax credit/(expense)	8	**20,936**	(39,080)
Loss for the year		**(285,420)**	(118,796)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(278,244)**	(142,413)
Non-controlling interests		**(7,176)**	23,617
		(285,420)	(118,796)
		HK cents	*HK cents* *(Restated)*
Loss per share attributable to the owners of the Company			
Basic	10	**(4.37)**	(2.23)
Diluted	10	**(4.37)**	(2.23)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
		(Note 2(b))
Loss for the year	**(285,420)**	(118,796)
Other comprehensive income/(expense)		
Item that will be subsequently reclassified to profit or loss:		
Share of exchange differences on translation from functional currency to presentation currency of investments accounted for using the equity method	**1,337**	(2,000)
Items that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**(86,749)**	(755,491)
Fair value losses on equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	**(216,121)**	(240,618)
Share of fair value gains/(losses) on equity instruments at FVTOCI of investments accounted for using the equity method, net of tax	**81,572**	(142,078)
Other comprehensive expense for the year, net of tax	**(219,961)**	(1,140,187)
Total comprehensive expense for the year	**(505,381)**	(1,258,983)
Total comprehensive expense attributable to:		
Owners of the Company	**(429,069)**	(1,129,120)
Non-controlling interests	**(76,312)**	(129,863)
	(505,381)	(1,258,983)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	**As at 31 December 2023**	As at 31 December 2022	As at 1 January 2022
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	*(Restated)*
			(Note 2(b))	*(Note 2(b))*
Non-current assets				
Property, plant and equipment		**203,740**	227,443	259,612
Investment properties	11	**2,285,002**	2,574,020	2,822,127
Investments accounted for using the equity method	12	**2,296,834**	1,816,879	1,312,109
Equity instruments at FVTOCI	13	**1,574,566**	1,883,175	2,377,470
Amounts due from associates at FVTPL	14	**—**	—	—
Loan receivable from an associate at FVTPL	14	**—**	—	—
Loans receivables	17	**158,657**	53,258	383,822
Finance lease receivables		**—**	—	1
Other financial assets at FVTPL	18	**346,416**	340,051	1,121,063
Pledged bank deposits		**754,967**	1,164,726	930,275
Bank deposits		**452,539**	693,729	176,039
Other receivables	16	**230,789**	231,618	158,399
Deferred tax assets		**14,966**	7,925	3,035
		8,318,476	8,992,824	9,543,952
Current assets				
Stock of properties	15	**868,868**	873,634	951,774
Trade and other receivables, deposits and prepayments	16	**86,108**	44,975	53,434
Loans receivables	17	**201,444**	458,629	167,703
Finance lease receivables		**—**	—	4
Other financial assets at FVTPL	18	**10,848**	8,573	28,347
Structured deposits		**—**	—	307,036
Pledged bank deposits		**896,909**	—	—
Bank deposits		**31,457**	—	21,743
Cash and cash equivalents		**512,602**	846,107	1,539,354
		2,608,236	2,231,918	3,069,395

	Notes	**As at 31 December 2023** *HK$'000*	As at 31 December 2022 *HK$'000* *(Restated)* *(Note 2(b))*	As at 1 January 2022 *HK$'000* *(Restated)* *(Note 2(b))*
Current liabilities				
Trade payables, deposits received and accrued charges	19	**415,090**	428,281	455,249
Contract liabilities		**11,259**	9,966	9,133
Income tax payable		**764,037**	758,890	829,123
Borrowings	20	**1,565,700**	1,153,600	955,000
Lease liabilities		**1,643**	1,844	2,501
		2,757,729	2,352,581	2,251,006
Net current (liabilities)/assets		**(149,493)**	(120,663)	818,389
Total assets less current liabilities		**8,168,983**	8,872,161	10,362,341
Non-current liabilities				
Lease liabilities		**5,631**	7,274	—
Deferred tax liabilities		**681,208**	824,359	1,004,893
		686,839	831,633	1,004,893
Net assets		**7,482,144**	8,040,528	9,357,448
Capital and reserves				
Share capital	21	**637,400**	637,400	637,400
Reserves		**5,582,727**	6,047,041	7,176,161
Equity attributable to owners of the Company		**6,220,127**	6,684,441	7,813,561
Non-controlling interests		**1,262,017**	1,356,087	1,543,887
Total equity		**7,482,144**	8,040,528	9,357,448

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

The consolidated financial statements are presented in thousands of units of Hong Kong dollar (HK$'000), unless otherwise stated. These consolidated financial statements have been approved by the board (the "Board") of directors (the "Directors") on 27 March 2024.

2 BASIS OF PREPARATION

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

At 31 December 2023, the Group's current liabilities exceeded its current assets by HK$149,493,000.

Bank borrowings with carrying amount of HK$1,565,700,000 were subject to a repayable on demand clause and were classified as current liabilities as at 31 December 2023.

In preparing the consolidated financial statements, the directors have taken into account all available information that could reasonably be expected and believe that it is not probable the banks would exercise their discretion right to demand immediate repayment of these borrowings and accordingly, loan principals of HK$1,345,700,000 and HK$220,000,000 would respectively be repaid within one year, within the second to fifth 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$220,000,000 and the current assets would exceed the current liabilities by HK$70,507,000.

Furthermore, there were bank deposits of HK$754,967,000 pledged against the above-mentioned borrowings and they were classified as non-current assets because the pledge is expected to be released upon the loans' maturity date in 2024 and 2026 respectively. Should the banks exercise their discretion to demand immediate repayment of these borrowings, the amount required to be repaid would take into consideration the amount of pledged bank deposits used as an offset.

Having considered the above conditions, the Group has sufficient financial resources, including unutilised banking facilities amounting to HK$152,800,000 available to the Group as at 31 December 2023 to finance its operations and satisfy its financial obligations as and when they fall due within at least the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements are prepared on a going concern basis.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amended standards adopted by the Group

The Group has applied the following amendments to standards or annual improvements for the first time for the annual reporting period commencing 1 January 2023:

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
Amendments to HKAS 12	OECD Pillar Two Rules

Except for the adoption of HKFRS 17 "Insurance Contracts" disclosed in Note 2(b), the adoption of the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(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 "investments accounted for using the equity method" and the respective amounts of "Share of results of associates and joint venture" were restated, the impact is disclosed below. The Group applied full retrospective approach when adopting HKFRS 17.

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.

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 1 January 2022 and the consolidated statement of profit or loss of the Group for the year ended 31 December 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	**Restatement**	**As restated**
	HK$000	***HK$000***	***HK$000***
Non-current assets			
Investments accounted for using the equity method	1,796,739	20,140	1,816,879
Equity			
Reserves	(6,026,901)	(20,140)	(6,047,041)

Impact to the consolidated statement of financial position as at 1 January 2022

	As at 1 January 2022		
	As previously stated	**Restatement**	**As restated**
	HK$000	***HK$000***	***HK$000***
Non-current assets			
Investments accounted for using the equity method	1,292,944	19,165	1,312,109
Equity			
Reserves	(7,156,996)	(19,165)	(7,176,161)

Impact to the consolidated statement of profit or loss for the year ended 31 December 2022

	For the year ended 31 December 2022		
	As previously stated	**Restatement**	**As restated**
	HK$000	***HK$000***	***HK$000***
Share of results of investments accounted for using the equity method	(60,881)	975	(59,906)
Loss before income tax	(80,691)	975	(79,716)
Loss for the year	(119,771)	975	(118,796)

(c) New standards and interpretations not yet adopted

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

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2025
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

(d) Change in accounting policy on offsetting arrangement in long service payment scheme in Hong Kong

In June 2022, the Hong Kong Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which will be effective from 1 May 2025 (the "Transition Date"). Under the Amendment Ordinance, any accrued benefits attributable to the employer's mandatory contributions under mandatory provident fund scheme ("MPF Benefits") of an entity would no longer be eligible to offset against its obligations on long service payment ("LSP") for the portion of the LSP accrued on or after the Transition Date. There is also a change in the calculation basis of last monthly wages for the portion of the LSP accrued before the Transition Date.

Prior to 1 January 2023, the Group applied practical expedient in HKAS 19 paragraph 93(b) (the "practical expedient") to account for the offsetable MPF Benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" (the "Guidance") which provides clarified and detailed guidance on the accounting considerations relating to the abolition of the offsetting mechanism. The Guidance clarified that following the enactment of the Amendment Ordinance, LSP is no longer a 'simple type of contributory plans' to which the practical expedient had been intended to apply.

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the practical expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a).

This change in accounting policy is required to be applied retrospectively. However, the abovementioned change in accounting policy does not have material impact to the consolidated financial statements as at 31 December 2021 and 2022.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

(i) Disaggregation of revenue from contracts with customers

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

	2023	2022
	HK$'000	*HK$'000*
Recognised over time under HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")		
– Property management fee income	**106,644**	120,244
– Other service income	**62,904**	58,201
Recognised under HKFRS 15	**169,548**	178,445
Recognised under other HKFRSs:		
– Rental income	**166,042**	176,349
– Interest income from financing services business	**25,223**	25,587
	360,813	380,381

All of the Group's revenue is generated from the People's Republic of China (the "PRC") during the years ended 31 December 2023 and 2022.

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

For the year ended 31 December 2023

	Property management	**Property investment**	**Financing services**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Property management fee income	**106,644**	**—**	**—**	**—**	**106,644**
Others	**—**	**—**	**—**	**62,904**	**62,904**
Revenue from contracts with customers	**106,644**	**—**	**—**	**62,904**	**169,548**
Rental income	**—**	**166,042**	**—**	**—**	**166,042**
Interest income from financing services business	**—**	**—**	**25,223**	**—**	**25,223**
Total revenue	**106,644**	**166,042**	**25,223**	**62,904**	**360,813**

For the year ended 31 December 2022

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

(ii) Performance obligations for contracts with customers

Property management fee income

Under the terms of these contracts, the customers of the Group simultaneously receive and consume the benefits provided by the Group's performance as the Group performs (i.e. services rendered by the Group under property management contracts with the customers with standard contract period up to twelve years (2022: twelve years)) and thus these income are recognised over time.

Others

Income from operating hotel and primary school recognised during the year ended 31 December 2023 that were included in the contract liabilities balance at the beginning of the period amounted to HK$6,187,000 (2022: HK$4,953,000).

As at 31 December 2023, there are HK$7,203,000 (2022: HK$6,188,000) of performance obligations related to primary school and hotel operations which have not yet satisfied and are included in the consolidated statement of financial position as "contract liabilities".

(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 taxation incurred by each segment without allocation of other income, unallocated corporate expenses, unallocated other gains/(losses), gain on dilution of investments amounted for using the equity method, Share of results of investments accounted for using the equity method, fair value losses on other financial assets at FVTPL, fair value loss on loan receivable from an associate and amounts due from associates at FVTPL and finance costs.

For the year ended 31 December 2023

	Property development *HK$'000*	Property management *HK$'000*	Property investment *HK$'000*	Financing services *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue	—	106,644	166,042	25,223	62,904	360,813
Result	(499)	(7,978)	(109,846)	(7,652)	(5,246)	(131,221)
Other income						95,710
Unallocated corporate expenses						(57,044)
Unallocated other losses						(519)
Gain on dilution of investments accounted for using the equity method						131,970
Fair value losses on other financial assets at FVTPL						(2,324)
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at PVTPL						(285,371)
Share of results of investments accounted for using the equity method						29,583
Finance costs						(87,140)
Loss before taxation						(306,356)

For the year ended 31 December 2022

	Property development *HK$'000*	Property management *HK$'000*	Property investment *HK$'000*	Financing services *HK$'000*	Others *HK$'000*	Total *HK$'000* *(Restated)* *(Note 2(b))*
Revenue	—	120,244	176,349	25,587	58,201	380,381
Result	(1,301)	1,973	153,445	1,741	(6,596)	149,262
Other income						130,516
Unallocated corporate expenses						(85,718)
Unallocated other losses						(39,902)
Gain on dilution of investments accounted for using the equity method						183,629
Fair value losses on other financial assets at FVTPL						(109,420)
Fair value loss on loan receivable from an associate at FVTPL and amounts due from associates at PVTPL						(202,171)
Share of results of investments accounted for using the equity method						(59,906)
Finance costs						(46,006)
Loss before taxation						(79,716)

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.

4 OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Dividends from financial assets at FVTPL	**11,314**	6,828
Interest income on bank deposits	**25,839**	29,733
Interest income on pledged bank deposits	**52,375**	35,452
Interest income on structured deposits	**—**	8,365
Interest income on other financial assets at FVTPL	**—**	47,971
Others	**6,182**	2,167
	95,710	130,516

5 OTHER GAINS/(LOSSES), NET

	2023	2022
	HK$'000	*HK$'000*
Gain/(loss) on disposal of property, plant and equipment	**419**	(563)
Net exchange gains/(losses)	**192**	(33,191)
	611	(33,754)

6 FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on borrowings	**85,979**	44,016
Interest on lease liabilities	**444**	424
Interest on deposits received for rental	**717**	1,566
	87,140	46,006

7 EXPENSES BY NATURE

	2023	2022
	HK$'000	*HK$'000*
Staff cost	**134,965**	142,866
Depreciation on property, plant and equipment and rights-of-use assets	**23,450**	25,947
Legal and professional fee	**12,398**	25,149
Repair and maintenance	**19,909**	17,810
Utilities	**19,713**	17,227
Cleaning charges	**9,290**	13,168
Sundry expenses	**11,918**	9,505
Bank charges	**9,689**	6,592
Auditor's remuneration		
– Audit services	**3,330**	4,150
– Non-audit services	**780**	630
Expenses relating to short-term leases and leases of low-value assets	**164**	4,297
Others	**22,337**	23,573
Total cost of sales, selling and administrative expenses	**267,943**	290,914

8 INCOME TAX (CREDIT)/EXPENSE

	2023	2022
	HK$'000	*HK$'000*
Current income tax		
– PRC corporate income tax	**44,590**	54,656
– PRC withholding tax	**4,661**	12,225
– Over provision in prior year	**(1,069)**	—
Deferred income tax	**(69,118)**	(27,801)
	(20,936)	39,080

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% (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.

PRC withholding tax

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

Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% for the year ended 31 December 2023 (2022: 16.5%). Hong Kong profits tax has not been provided as the Group did not have any assessable profits for both years.

9 DIVIDENDS

The directors of the Company do not recommend the payment or declaration of a dividend in respect of the year ended 31 December 2023 (2022: nil).

10 LOSS PER SHARE

(a) Basic

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

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
		(Note 2(b))
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(278,244)**	(142,413)

	2023	2022
Weighted average number of ordinary shares in issue	**6,374,003,096**	6,374,003,096

	2023	2022
		(Restated)
Basic loss per share (HK$ cents)	**(4.37)**	(2.23)

(b) ***Diluted***

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

For the year ended 31 December 2023, the Group has two categories of potentially dilutive shares: share options issued by the Company and an investment accounted for using the equity method - ZhongAn Technologies International Group Limited ("ZhongAn International") (2022: same).

The diluted loss per share for the years ended 31 December 2023 and 2022 equal to the basis loss per share as the impact of dilution of the share options is anti-dilutive.

11 INVESTMENT PROPERTIES

The Group leases out various offices, retail premises and car parks located in the PRC under operating leases with rentals payable monthly. The leases of office and retail premises typically run for an initial period of one to twelve years. The leases of retail stores contain variable lease payment that are based on 2.5% to 25.0% (2022: 2.5% to 25.0%) sales and minimum annual lease payment that are fixed over the lease term.

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

	2023	2022
	HK$'000	*HK$'000*
Opening net book amount	**2,574,020**	2,822,127
Fair value loss on investment properties	**(253,483)**	(11,472)
Exchange realignment	**(35,535)**	(236,635)
	2,285,002	2,574,020

The Group measures its completed investment properties at fair value at 31 December 2023 and 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.

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 31 December 2023	As at 31 December 2022	As at 1 January 2022
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	*(Restated)*
		(Note 2(b))	*(Note 2(b))*
Cost of unlisted investments accounted for using the equity method	**3,014,232**	2,516,232	1,843,989
Share of post-acquisition results and gain on dilutions	**(717,398)**	(699,353)	(531,880)
	2,296,834	1,816,879	1,312,109

ZhongAn International and its subsidiaries (collectively known as "ZhongAn International Group")

In May 2023, the Group entered into a Share Purchase Agreement pursuant to which the Group agreed to subscribe for 96,508,924 new ordinary shares of ZhongAn International for a total subscription price of US$63,696,000 (equivalent to HK$498,000,000) which took place in two tranches (the "May 2023 Subscription"). The May 2023 Subscription was completed by two tranches on 14 August and 26 September 2023, respectively. After the completion of the May 2023 Subscription, the Group's equity interests in ZhongAn International increased from 44.75% to 46.58% and unanimous consent of the board of directors of ZhongAn International is required for meeting resolutions. 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.

In September 2023, ZhongAn International has entered into a share purchase agreement with other shareholders of ZhongAn International, pusuant to which ZhongAn International agreed to issue 96,508,924 new ordinary shares to the other shareholder by two tranches of 67,556,247 and 28,952,667 shares. In December 2023 (the "September 2023 Subscription"), the first tranche shares of 67,556,247 was issued, and thus, the Group's equity interests in ZhongAn International decreased from 46.58% to 45.53%. The dilution of the interests in ZhongAn International resulted in a gain of HK$131,970,000, being the difference between the proportionate share of ZhongAn International's net assets attributable to the Group and the carrying amount of the interests in ZhongAn International before the dilution, recognised in the consolidated statement of profit or loss during the year ended 31 December 2023.

13 EQUITY INSTRUMENTS AT FVTOCI

	2023	2022
	HK$'000	*HK$'000*
Equity securities of ZhongAn Online, at fair value (Note (i))	**1,445,040**	1,741,500
Equity securities of an entity listed in Hong Kong, at fair value	**46,749**	62,730
Unlisted fund investments in the PRC and overseas, at fair value	**70,708**	71,226
Unlisted equity securities in Hong Kong and the PRC	**12,069**	7,719
Total (Note (ii))	**1,574,566**	1,883,175

Notes:

(i) As at 31 December 2023, the Group held 81,000,000 the publicly-traded ordinary share capital of ZhongAn Online P&C Insurance Co., Ltd. ("ZhongAn Online") ("ZhongAn Online H Shares") which are subject to lock-up mechanisms, of which 18,942,222 (31 December 2022: 18,942,222) ZhongAn Online H Shares lock-up has expired in 31 December 2021 and the lock-up of the remaining 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 31 December 2023 and 31 December 2022 have been arrived based on the quoted bid prices in an active market.

(ii) The Group has made an irrevocable election to designate these investments in equity instruments as at FVTOCI. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

14 LOAN RECEIVABLE FROM AN ASSOCIATE AT FVTPL/AMOUNTS DUE FROM ASSOCIATES AT FVTPL

	2023	2022
	HK$'000	*HK$'000*
Loan receivable from an associate and amounts due from associates at FVTPL	**268,857**	516,339
Less: Share of loss and other comprehensive expenses of associates in excess of cost of investment	**(268,857)**	(516,339)
	—	—

RGAP Group is principally engaged in property development and property investment in Shanghai. The amount represents a shareholder's loan receivable from RGAP for financing a property development and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. As at 31 December 2023 and 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.

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.

A fair value loss of HK$285,371,000 (2022: HK$202,171,000) is recognised in profit or loss during the year ended 31 December 2023. The Group limits the recognition of the RGAP Group's losses to HK$268,857,000 (2022: HK$516,339,000) as the carrying amount of its net investment in RGAP is then zero, the Group reversed the share of loss of RGAP Group recognised in previous years of HK$247,482,000 (2022: HK$187,743,000) during the year ended 31 December 2023. Accordingly, the Group has net loss of HK$37,889,000 (2022: HK$14,428,000) (representing the fair value loss of HK$285,371,000 (2022: HK$202,171,000) and reversal of share of loss of HK$247,482,000 (2022: HK$187,743,000)) in respect of investment in RGAP being recognised in the profit or loss during the year ended 31 December 2023.

15 STOCK OF PROPERTIES

	2023	2022
	HK$'000	*HK$'000*
Properties under development	**868,868**	873,634

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

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

16 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023	2022
	HK$'000	*HK$'000*
Trade receivables from property management and property investment business, net	**4,299**	7,602
Less: loss allowance	**—**	—
Total trade receivables, net	**4,299**	7,602
Interest receivables from bank deposits	**122,892**	70,122
Other receivables, deposits and prepayments	**31,307**	40,470
Tax reserve certificates	**158,399**	158,399
	316,897	276,593
Non-current	**230,789**	231,618
Current	**86,108**	44,975
	316,897	276,593

The Group allows an average credit period ranging from 0 to 60 days to its customers of property management and property investment business from invoices issuance dates. The Group allows a credit period of 30 days to its customers of financing business. The following is an aged analysis of trade receivables presented based on invoice dates at the end of the reporting period, net of allowance for credit loss:

	2023	2022
	HK$'000	*HK$'000*
Aged:		
0 to 60 days	**2,413**	5,466
61 to 180 days	**1,439**	1,052
Over 181 days	**447**	1,084
	4,299	7,602

17 LOANS RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Loans receivables	**418,259**	541,852
Less: loss allowance	**(58,158)**	(29,965)
Total	**360,101**	511,887
The loan receivables analysed as follows:		
Non-current	**158,657**	53,258
Current	**201,444**	458,629
Total	**360,101**	511,887

Loans receivables to independent third parties are unsecured, carried at fixed interest rate ranged from 4.0% to 6.0% (2022: 4.0% to 7.0%) per annum and will be matured in 2024 to 2025 (2022: 2023 to 2024).

18 OTHER FINANCIAL ASSETS AT FVTPL

	2023	2022
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong	**2,703**	3,304
Equity securities listed in the PRC	**8,145**	5,269
Equity securities listed in the overseas	**5,311**	7,151
Unlisted equity securities in the PRC	**5,519**	—
Unlisted fund investments in the PRC	**228,582**	218,119
Unlisted fund investments in the overseas	**107,004**	114,781
	357,264	348,624
Other financial assets analysed as follows:		
Non-current	**346,416**	340,051
Current	**10,848**	8,573
	357,264	348,624

19 TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**30,376**	30,182
Accruals for construction work	**134,360**	161,637
Deposits received for rental	**31,974**	37,094
Advance lease payments	**7,710**	11,694
Deposits received for management fee	**55,578**	42,799
Other tax payables	**21,698**	16,964
Salaries payable and staff welfare payables	**56,885**	52,608
Other payables and accrued charges	**76,509**	75,303
	415,090	428,281

Trade payables are unsecured and are usually settle within the contract terms. The carrying amounts of trade and other payables are considered to be the same as their fair values. The following is an aged analysis of trade payables, based on the invoice date, at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**5,262**	4,543
91 to 180 days	**1,026**	1,018
181 to 360 days	**1,593**	1,736
Over 360 days	**22,495**	22,885
	30,376	30,182

20 BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Bank borrowings - secured and repayable on demand	**1,565,700**	1,153,600

	2023	2022
	HK$'000	*HK$'000*
Carrying amounts of borrowings that contain a repayable on demand clause (shown under current liabilities) but repayable:		
Within one year	**1,345,700**	102,180
Within a period of more than one year but not exceeding two years	**11,000**	1,051,420
Within a period of more than two years but not exceeding five years	**209,000**	—
	1,565,700	1,153,600
Less: Amount classified as current liabilities	**(1,565,700)**	(1,153,600)
Amount due after one year and classified as non-current liabilities	**—**	—

As at 31 December 2023, bank borrowings of HK$1,565,700,000 (2022: HK$1,153,600,000) carried interest at benchmark interest rate as stipulated by Hong Kong Interbank Offered Rate ("HIBOR") plus a certain percentage.

The interest rates as at the end of the reporting period for the loans range from 7.12% to 8.02% (2022: 4.87% to 7.42%) per annum.

At 31 December 2023, pledged bank deposits of HK$1,651,876,000 (31 December 2022: HK$1,164,726,000) and investment properties of HK$441,501,000 (31 December 2022: HK$516,237,000) were pledged to banks to secure general banking facilities granted to the Group.

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

	2023	2022
	HK$'000	*HK$'000*
Expiring within one year	**152,800**	376,400

21 SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Shares of HK$0.10 each		
Authorised:		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	15,000,000,000	1,500,000
Issued and fully paid:		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	6,374,003,096	637,400

22 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Saved as disclosed in Note 12, subsequent to 31 December 2023, ZhongAn International has issued 28,952,667 shares to the other shareholder of ZhongAn International, and thus, the Group's equity interests in ZhongAn International further decreased from 45.53% to 45.08%.

This is a non-adjusting event after the financial year end and does not result in any adjustments to the consolidated financial statements for the year ended 31 December 2023. The directors of the Company are in the process of assessing its impact on the consolidated financial statements for the year ending 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

2023 is a year full of challenges and opportunities. Although the world economy has slowly stabilized from the post-epidemic prevention phase, it still remains sluggish due to the uncertain and volatile international situation, frequent geopolitical conflicts, and the rising complexity, severity and uncertainty of the external environment. There are many periodic and structural contradictions in China, and natural disasters occur frequently.

Most economists, as well as Federal Reserve officials, had expected a risk of recession in the United States in 2023 and predicted a sharp rise in unemployment. In fact, however, employment growth slowed but remained strong in 2023 compared to 2022, the unemployment rate remained low, and inflation slowed over the past year, although it remained high. Federal Reserve officials believe that the risk of the United States falling into a recession is now very low, and they also expect that the rate-hiking phase has come to an end, and have begun to discuss when it would be appropriate to move into a rate-cutting or monetary easing phase.

For China, the annual gross domestic product (GDP) in 2023 was RMB126 trillion, representing a year-on-year increase of approximately 5.2%. On a quarterly basis, GDP increased by 4.5% year-on-year in the first quarter, 6.3% in the second quarter, 4.9% in the third quarter, and 5.2% in the fourth quarter, showing a trend of low, medium and high followed by stabilization while further consolidating positive trends.

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 new record since the pandemic, 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 revenue has reached US$85 billion in 2023, with an expected CAGR of approximately 18% during the period, and will reach RMB1.39 trillion by 2028.

For real estate development, the national real estate development investment was RMB110,913 in 2023, down 9.6% year-on-year. Among them, the investment in residential housing was RMB8,382 billion, down 9.3%. The floor space of the real estate development enterprises under construction was 8,383.64 million square meters, a year-on-year decrease of 7.2%. Among them, the floor space of residential buildings under construction was 5,898.84 million square meters, down 7.7%. The floor space of buildings newly started was 953.76 million square meters, down 20.4%.

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, the real estate market is 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. It is expected that the real estate market will still be in the process of adjustment and transformation in 2024. 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 international economy is still operating below potential output and the overall inflationary pressures are low. In particular, in the second half of 2023, China's consumer price index (CPI) fell by 0.8% year-on-year in January 2024, leading to deflation. Although China has recorded negative CPI for several months in a row, we believe that China's CPI has reached the bottom of the cycle and has not yet fallen into a "deflationary spiral".

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 social financing scale and M2 growth rate will outpace significantly the nominal GDP growth with 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. We expect the GDP growth to be approximately 5%-6% in 2024.

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 year ended 31 December 2023, the Group's revenue was HK$360.8 million, decreasing by 5% as compared to last year. Gross profit was HK$208.9 million, decreasing by 8% as compared to last year. The Company recorded loss attributable to owners of the Company of HK$278.2 million during the year, as compared to HK$142.4 million (restated) for last year. Basic loss per share amounted to HK4.37 cents, as compared to HK2.23 cents (restated) for last year.

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 31 December 2023, the Group has a total of 5 borrowers (2022: 7) with total outstanding loan principal and interest receivables in the sum of HK$360.1 million (2022: HK$511.9 million), which comprised of entrusted loans of HK$161.9 million (2022: HK$191.9 million) to 1 borrower (2022: 1), other loans of HK$198.2 million (2022: HK$320.0 million) to 4 borrowers (2022: 6). As at 31 December 2023, a sum of HK$161.9 million (2022: HK$287.6 million) was due from the largest borrower of the Group and an aggregate sum of approximately HK$360.1 million (2022: HK$503.8 million) was due from the five largest borrowers of the Group.

As at 31 December 2023, the ageing analysis of the Group's outstanding loan receivables based on the remaining contractual maturity date is set out below:

	2023		2022	
	HK$'million	***% of total***	*HK$'million*	*% of total*
Within one year	**201.4**	**55.9%**	458.6	89.6%
In the second year	**158.7**	**44.1%**	53.3	10.4%
Total	**360.1**	**100.0%**	511.9	100.0%

For the year ended 31 December 2023, the interest income from financing services business amounted to HK$25.2 million (2022: HK$25.6 million) which mainly comprised interest income from entrusted loans of HK$9.4 million (2022: HK$7.2 million) and interest income from other loans of HK$15.8 million (2022: HK$18.4 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.

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 year ended 31 December 2023, the entrusted loans are unsecured, interest rates are fixed at 5% per annum (2022: 5%) with terms of 1 to 2 years (2022: 1 year).

The Group had loan receivables provided to independent third parties. During the year ended 31 December 2023 and 31 December 2022, the major loan receivables are provided to an independent third party with principal of RMB190 million and RMB220 million respectively. The loan is unsecured, interest rate at 6% per annum with original expiry date in September 2023. Part of the loan with principal of RMB190 million had been extended for two years which will expire in September 2025. For further details, please refer to the Company's announcement dated 27 September 2023.

* *For identification purpose only*

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 year ended 31 December 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 31 December 2023, loan receivables to independent third parties are unsecured, carried at fixed interest rate ranged from 4.0% to 6.0% (2022: 4.0% to 7.0%) per annum and will be matured in 2024 to 2025 (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.

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 identification purpose only*

For the year ended 31 December 2023, the provision for impairment loss on loan receivables amounted to approximately HK$28.8 million (2022: HK$20.8 million), representing an increase of approximately HK$8.0 million. The net impairment loss was comprised of a reversal of impairment loss made for loan receivables categorised for entrusted loans of approximately HK$5.9 million (2022: an impairment loss of HK$6.8 million) and an impairment loss made for loan receivables categorised for other loans of approximately HK$34.7 million (2022: HK$14.0 million), respectively. The increase in the provision for impairment loss on loan receivables was mainly due to the fact that a higher expected credit loss rate is used due to the worsen macro-economic environment as at 31 December 2023. The Group applies general approach to provide for Expected Credit Loss for loan receivables prescribed by Hong Kong Financial Reporting Standard ("HKFRS") 9 Financial Instruments. Loans receivables are assessed individually by the management of the Group by reference to past default experience, current past due exposure of the debtor, the nature and prospect of the debtor's operation.

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

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

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

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

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

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

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

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

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

A borrower will be regarded as credit-impaired if he/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.

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, there was a significant downturn in global financial markets and rising recession risks. Looking ahead to 2024, AA Investment's management team will closely monitor market conditions and uncertainties. The team is committed to implementing prudent strategies that are in the best interests of clients.

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

JOINT VENTURE – ZHONGAN INTERNATIONAL (OR "ZATI")

ZA Tech Global Limited ("ZA Tech")

ZA Tech, a technology subsidiary of ZATI founded in 2018 and headquartered in Singapore, focuses on exporting new insurance core systems and digital insurance technology experience to overseas insurance companies and insurance intermediary platforms, aiming to provide a digital operating system 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/low-code digital solutions, including insurance core system, distribution system, customer data platform (CDP) 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 business. In 2023, 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 retail 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 customized development methods. On the one 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 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.

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 phone 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 technology strength, it has realized the cross-selling to cooperative insurance companies of Home Credit and provided featherweight SaaS insurance core system, Nano, for Income Insurance Limited, 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 small ticket size claim module for Prudential Thailand. The launch of this claim module in Graphene will enhance the service capabilities of Prudential for claims of small amounts, 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, ZA Tech's 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 amount 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 recorded revenue from technology export of RMB325 million in 2023, representing an increase of 8.0% as compared with the corresponding period of 2022, of which sustainable revenue accounted for 51%, and the gross profit margin increased to 46% from 40% in 2022.

Virtual Bank and Virtual Insurance in Hong Kong

ZA Bank Limited ("ZA Bank"), a subsidiary of ZhongAn International and a virtual bank in Hong Kong, became one of the first banks in Hong Kong having been granted a virtual banking license on 27 March 2019, and officially commenced operation on 24 March 2020. ZA Bank aims to build a local one-stop digital financial service platform in Hong Kong to provide diversified, convenient and inclusive financial services to retail customers and SMEs.

At present, ZA Bank has become one of the most comprehensive virtual banks 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.

Despite the challenging macro-environment this year, ZA Bank continued to be a major player in Hong Kong's banking industry. One in ten Hong Kong adults is a ZA Bank user, and one in four young people aged 18-29 in Hong Kong holds a ZA Card. By the end of 2023, the ZA Bank App has been ranked as the highest-rated retail banking app on Hong Kong's Google Play. Meanwhile, as the first virtual bank in Hong Kong to cross the HK$10 billion mark in customer deposits, ZA Bank is proud to have been ranked first in Asia in Sia Partners 2023 International Mobile Banking Benchmark, while retaining the 6th position globally.

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. ZA Bank is now available for online account opening for Mainland China visitors in Hong Kong.

ZA Bank became the first virtual bank in Hong Kong to be granted a Type 1 regulated activity (dealing in securities) license by the SFC in January 2021, and has been actively expanding its product matrix for investment business since then. ZA Bank officially launched investment fund services in August 2022, and has since collaborated with top international fund managers, including Invesco, Allianz Global Investors and J.P. Morgan Asset Management, to successfully onboard over 100 investment fund products. As at 31 December 2023, retail users' assets under management amounted to nearly HK$1 billion.

ZA Bank officially launched its US stock trading services in February 2024 to Hong Kong users. With exposure to the world's largest stock market in terms of capitalization, ZA Bank users can capture the growth potential in some of the most valuable and influential companies across the globe. This marks another key milestone for ZA Bank in its commitment to creating a one-stop digital finance platform for users.

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, providing local SME clients with a fast account opening experience, helping them to address their pain points and seize market opportunities. ZA Bank's fast account opening enables clients to complete the application in as fast as 6 minutes and open an account in as fast as 2 hours.

As at 31 December 2023, ZA Bank had a deposit balance of approximately HK$11,700 million. Gross loan balance was approximately HK$5,430 million, with a loan-to-deposit ratio of 46.4%. Meanwhile, benefiting from the interest rate hike cycle and the diversification of loan products, ZA Bank's net interest margin further improved to 1.94% from 1.84% in the corresponding period of 2022. During the reporting period, with the launch of new products, ZA Bank recorded net revenue of approximately HK$366 million, representing a year-on-year increase of 42.9%, of which non-interest income accounted for approximately 28.3%. Meanwhile, ZA Bank focused on business quality and operating efficiency improvement, and the net loss margin narrowed by approximately 85.6 percentage points to 109.1% from 194.7% in the corresponding period of 2022.

In terms of technology, ZA Bank as a leading digital bank, has successfully relocated its core system to the "Cross-cloud cross-tenant (跨雲雙活)" cloud-based infrastructure, thereby providing users with more durable, scalable and resilient 24/7 banking services.

ZA Bank also capitalizes on opportunities emerging from the development of Web3 and actively plans related businesses in the field. In April 2023, ZA Bank 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. The bank seeks to actively support the development plan of the HKSAR government, and participate in the building of a vibrant virtual asset industry and ecosystem.

ZA Bank is the banking partner and settlement bank for Hong Kong-licensed virtual asset exchanges such as HashKey Exchange, providing convenient fiat currency deposit and withdrawal services. ZA Bank is also the only virtual bank selected for the e-HKD Pilot Programme Phase 1 launched by the Hong Kong Monetary Authority, partnering with leading enterprises in a cross-industry consortium to test and simulate e-HKD and explore the application of a secured lending product backed by tokenized real assets.

In terms of virtual insurance business, ZA Life Limited ("ZA Life" or "ZA Insure") 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. Since 2022, ZA Insure has continuously deepened the bancassurance partnership with ZA Bank and launched "ZA Savings Insurance" series in the ZA Bank App to provide fundamental protections for users' health and wealth. During the reporting period, ZA Life achieved GWP of HK$214 million.

PROPERTY RENTAL

For the year ended 31 December 2023, total rental income amounted to HK$166.0 million, representing a decrease of 5.8% as compared to 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.

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

Sinolink Tower

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

For the year ended 31 December 2023, the occupancy rate of the office portion of *Sinolink Tower* was approximately 24%. Tenants are mainly engaged in jewelry, investment and real estate business.

O Hotel, the Group's first hotel that is dedicated to delivering a personalised experience, has 188 rooms and suites, a trendy restaurant, a specialty coffee shop, a premium fitness club and other facilities. During the year, the hotel continued to operate in a challenging business environment. 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.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2023, the Group has the following properties under development:

1. **Rockbund**

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

2. **Ningguo Mansions**

Located in the Changnin District of Shanghai, *Ningguo Mansions* is a residential project currently in the construction and inspection phase. The project, with a total site area of 13,600 square metres and a plot ratio of 1.0, will be developed into 11 quadrangle courtyards boasting a fusion of Chinese and Western cultures, each with a GFA of 1,000 to 1,500 square meters. David Chipperfield Architects, a British architecture design company, is in charge of the construction, decoration and design of the project. Situated in one of the most accessible, low-density and tranquil luxury neighborhoods in Shanghai, *Ningguo Mansions* is approximately 10-minute and 30-minute ride away from the airport and the downtown respectively.

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

OTHER BUSINESSES

Other businesses within the Group include property, facility and project management services. For the year ended 31 December 2023, the Group recorded a revenue of HK$169.5 million from other businesses, representing a decrease of 5.0% as compared to last year.

MAJOR ASSOCIATE – ROCKFELLER GROUP ASIA PACIFIC, INC.

The Group's investment in Rockfeller Group Asia Pacific, Inc. ("RGAP") has recognised a net loss of HK$37.9 million (2022: HK$14.5 million), representing current year fair value loss of HK$285.4 million (2022: HK$202.2 million) and reversal of portion of share of loss of HK$247.5 million (2022: HK$187.7 million), in respect of investment in RGAP being recognised in the profit or loss during the year ended 31 December 2023.

A fair value loss of HK$285.4 million (2022: HK$202.2 million) is recognised in current year'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 year ended 31 December 2023, the Group recorded reversal of share of loss of an associate, RGAP, of HK$247.5 million (2022: HK$187.7 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 an associate from associates by taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate.

As at 31 December 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$285.4 million (2022: HK$202.2 million) for the year ended 31 December 2023.

SIGNIFICANT INVESTMENT

As at 31 December 2023, total equity instruments at fair value through other comprehensive income amounted to HK$1,574.6 million (2022: HK$1,883.2 million), mainly representing that of ZhongAn Online owned by the Group of approximately HK$1,445.0 million (2022: HK$1,741.5 million), which was measured at fair value at the end of this reporting period. As at 31 December 2023, the significant investment of the Group is as follows:

	Number of shares* held as at 31 December 2023	Percentage of shareholding as at 31 December 2023	Unrealised fair value loss recognised in other comprehensive income for the year ended 31 December 2023	Realised fair value gain/(loss) recognised in other comprehensive income for the year ended 31 December 2023	Dividends received for the year ended 31 December 2023	Approximate percentage of the Group's total assets as at 31 December 2023	Cost of investment	Market value as at 31 December 2023
		%	*HK$'000*	*HK$'000*	*HK$'000*	*%*	*HK$'000*	*HK$'000*
Hong Kong listed shares								
Hong Kong listed shares - ZhongAn Online (Stock code: 6060)	81,000,000	5.51	(204,734)	—	—	13.2	92,000	1,445,040

* 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 year ended 31 December 2023, the gross written premiums of ZhongAn Online was approximately RMB29,684 million, a year-on-year increase of approximately 23.66%; the net profit attributable to owners of the parent company was approximately RMB4,078 million, as compared to a loss attributable to owners of the parent company of RMB1,112 million (restated) 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.

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. Although, after the exit from COVID Zero and lifting of lockdown restrictions in 2023, many enterprises, especially in the service sector, did usher in prosperity in the early days after the lockdown was lifted. However, the effect of economic restart soon faded, followed by intensifying turmoil in the estate market. 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. 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 tiers 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 to be approximately 5%-6% in 2024.

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 carbon reduction 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.

In terms of inflation, the international economy is still operating below potential output and the overall inflationary pressures are low. In particular, in the second half of 2023, China's consumer price index (CPI) fell by 0.8% year-on-year in January 2024, leading to deflation. Although China has recorded negative CPI for several months in a row, we believe that China's CPI has reached the bottom of the cycle and has not yet fallen into a "deflationary spiral".

In addition, 2024 is a presidential election year, and the intensity of the election could be even greater than in 2020. It cannot be ruled out that there will be some excesses and chaos in American society, which is also a disturbance to confidence in economic activities.

Looking forward to 2024, global inflationary pressure is gradually recovering as the world economy gradually returns to stability and policy effects emerge. Inflation easing has allowed countries to shift away from monetary tightening. The United States is expected to have the opportunity to enter a rate-cutting cycle in 2024. The U.S. dollar is likely to weaken following the U.S. interest rate, and the RMB will rise relatively in the market outlook, which will provide China with greater room for policy stimulus and have a positive impact on the Chinese economy. Domestic residents' income is expected to maintain steady growth, strongly supporting the improvement of residents' consumption power. In addition, with the integrated development of urban and rural areas, the advancement of urbanization process and the continued upgrading of the consumption structure, consumption is expected to maintain good growth. However, the continued weakness in the real estate industry and external demand still brings uncertainties to consumption growth. China's macroeconomic policy support is expected to continue to increase, thereby industrial upgrading is expected to continue to deepen. Overall, China's economic recovery and long-term positive trend remain unchanged.

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 have 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 promote the Group's stable business development and bring long-term values for shareholders.

FINANCIAL REVIEW

During the year ended 31 December 2023, total revenue of the Group was HK$360.8 million (2022: HK$380.4 million), decreasing by 5% as compared to 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.

Other income decreased to approximately HK$95.7 million (2022: HK$130.5 million). The decrease was mainly due to the decrease in interest income from other financial assets at FVTPL.

The Group recorded a net other gains of approximately HK$0.6 million for the year ended 31 December 2023 (2022: net other losses of HK$33.6 million). The net other gains for the year was mainly contributed from the gains on disposal of property, plant and equipment during the year.

The total operating costs (including cost of sales, selling and administrative expenses) for the year ended 31 December 2023 was approximately HK$267.9 million (2022: HK$290.9 million), representing a decrease of approximately 8%. This was due to the cost control measures implemented by the Group on the overall operating expenses for the year.

The Group recorded an impairment loss on financial assets of approximately HK$28.8 million (2022: HK$20.8 million), as a higher expected default rate was used due to the worse macro-economic environment as at 31 December 2023.

The Group recorded a significant fair value loss of the investment properties of approximately HK$253.5 million (2022: HK$11.5 million), 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$87.1 million (2022: HK$46.0 million). The increase was mainly due to the increase in average bank borrowings and the increase in interest rate during the year.

The Group recorded loss attributable to the owners of the Company of HK$278.2 million for the year ended 31 December 2023, compared to HK$142.4 million (restated) for 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$253.5 million (2022: HK$11.5 million);

(ii) a decrease in net fair value losses on other financial assets at fair value through profit or loss of approximately HK$2.3 million (2022: HK$109.4 million);

(iii) a significant decrease of share of results of investments accounted for using the equity method from a loss of HK$59.9 million (restated) to a gain of HK$29.6 million; and

(iv) gain on dilution of investments accounted for using the equity method of approximately HK$132.0 million (2022: HK$183.6 million).

The Group's total borrowings was HK$1,565.7 million as at 31 December 2023 (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:

	2023	2022
	HK$'million	*HK$'million*
Within 1 year	**1,345.7**	102.9
After one year but within 2 years	**11.0**	1,050.7
After 2 years but within 5 years	**209.0**	—
Total	**1,565.7**	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.

CHARGE OF ASSETS

As at 31 December 2023, pledged bank deposits of HK$1,651.9 million (2022: HK$1,164.7 million) and investment properties of HK$441.5 million (2022: HK$516.2 million) were pledged to banks to secure general banking facilities granted to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group's gearing ratio, calculated on the basis of total borrowings over shareholders' equity, was 25.2% as compared with 17.3% 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$2,648.5 million as at 31 December 2023 (2022: HK$2,704.6 million), mostly denominated in RMB, HK$ and USD. As at 31 December 2023, the Group has undrawn borrowing facilities of HK$152.8 million (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.

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Group operate in the PRC with most of the transactions in relation to operations are denominated and settled in RMB. Fluctuations of RMB exchange rates would impact the Group's net asset value in the preparation of the Group's consolidated accounts. If RMB appreciates/depreciates against HK$, the Group would record a(n) increase/decrease in the Group's net asset value. During the year ended 31 December 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 31 December 2023, the Group had commitments of HK$32.2 million (2022: HK$36.8 million) in respect of properties under development.

CONTINGENT LIABILITIES

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

EVENT AFTER THE REPORTING PERIOD

Subsequent to 31 December 2023, ZhongAn International has issued 28,952,667 shares to the other shareholder of ZhongAn International, and thus, the Group's equity interests in ZhongAn International further decreased from 45.53% to 45.08%.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed approximately 627 full time employees for its principal activities. The Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2023.

CORPORATE GOVERNANCE

During the year, the Company has complied with the code provisions as set out in the Corporate Governance Code in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") save as disclosed below.

Pursuant to code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year, Mr. XIANG Ya Bo has undertaken both the roles of the Chairman of the Board and the Chief Executive Officer of the 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 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") set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 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 providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors, namely, Ms. Chen Hui, Mr. Tian Jin and Mr. Xin Luo Lin. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, effectiveness of internal controls, audit process and risk management.

The annual results of the Group for the year ended 31 December 2023 had been reviewed by the Audit Committee.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "AGM") was scheduled to be held on Thursday, 30 May 2024. The notice of AGM will be published on the Company's website at www.sinolinkhk.com and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

The register of members of the Company will be closed from Monday, 27 May 2024 to Thursday, 30 May 2024, both days inclusive, during which period no share transfer will be effected. In order to identify the entitlement for attending the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 24 May 2024.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the staff and management team of the Group for their contribution during the year and also to give my sincere gratitude to all our shareholders for their continual support all these years.

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

Hong Kong, 27 March 2024

As at the date of this announcement, the Board comprises, Mr. XIANG Ya Bo (Chairman and Chief Executive Officer) and Mr. CHEN Wei as Executive Directors; Mr. OU Jin Yi Hugo, Mr. OU Yaping and Mr. TANG Yui Man Francis as Non-executive Directors; and Ms. CHEN Hui, Mr. TIAN Jin and Mr. XIN Luo Lin as Independent Non-executive Directors.