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FUTURE WORLD HOLDINGS LIMITED

未來世界控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 572)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the “**Board**”) of directors (the “**Directors**”) of Future World Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2020 (the “**Period**”) together with comparative figures for the corresponding period of 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	<i>Notes</i>	<i>HKD'000</i>	<i>HKD'000</i>
		(Unaudited)	(Unaudited)
Net realised loss from securities trading and investments	<i>4</i>	(11,425)	–
Revenue	<i>4</i>	91,408	19,385
Cost of sales		<u>(61,485)</u>	<u>(779)</u>
Gross profit		29,923	18,606
Other income		574	6
Administrative expenses		(18,388)	(10,945)
Gain on disposal of subsidiaries, net		973	–
Provision for credit loss allowances on loan and interest receivables, net		(5,410)	(2,210)
Provision for credit loss allowances on trade and other receivables, net		(480)	–
(Provision for)/Reversal of provision for expected credit loss on loan commitment		(828)	2,456
Change in fair values of financial assets at fair value through profit or loss	<i>13</i>	(1,817)	15,662
Change in fair value of investment properties	<i>11</i>	(3,102)	12,000
Share-based payment expense		(17,498)	(4,968)
Share of loss of an associate		<u>(360)</u>	<u>–</u>

	Notes	Six months ended 30 June	
		2020 HKD'000 (Unaudited)	2019 HKD'000 (Unaudited)
Operating (loss)/profit		(27,838)	30,607
Finance costs	6	<u>(11,025)</u>	<u>(14,191)</u>
(Loss)/Profit before income tax	7	(38,863)	16,416
Income tax expenses	8	<u>(1,379)</u>	<u>(810)</u>
(Loss)/Profit for the period		<u>(40,242)</u>	<u>15,606</u>
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		(2,739)	69
Item that will not be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		10,068	(239,771)
Loss on disposal of financial assets at fair value through other comprehensive income		<u>–</u>	<u>(4,424)</u>
Other comprehensive income/(loss) for the period, net of income tax		<u>7,329</u>	<u>(244,126)</u>
Total comprehensive loss for the period		<u>(32,913)</u>	<u>(228,520)</u>
(Loss)/Profit for the period attributable to:			
– Owners of the Company		(43,187)	15,606
– Non-controlling interests		<u>2,945</u>	<u>–</u>
		<u>(40,242)</u>	<u>15,606</u>
Total comprehensive loss attributable to:			
– Owners of the Company		(35,837)	(228,520)
– Non-controlling interests		<u>2,924</u>	<u>–</u>
		<u>(32,913)</u>	<u>(228,520)</u>
(Loss)/Earnings per share attributable to owners of the Company			
	10		
– Basic		HK(0.34) cent	HK0.13 cent
– Diluted		HK(0.34) cent	HK0.13 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020	31 December 2019
	<i>Notes</i>	<i>HKD'000</i>	<i>HKD'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	<i>11</i>	2,200	2,321
Right-of-use assets	<i>11</i>	6,452	6,095
Investment properties	<i>11</i>	792,442	798,085
Interest in an associate		57	423
Financial assets at fair value through other comprehensive income	<i>12</i>	259,384	270,627
Deferred tax assets		5,060	3,936
		<u>1,065,595</u>	<u>1,081,487</u>
Current assets			
Inventories		29,434	2,404
Financial assets at fair value through profit or loss	<i>13</i>	1,079	26,350
Trade and other receivables	<i>14</i>	37,394	10,098
Loan and interest receivables	<i>14</i>	300,416	302,616
Pledged bank balance and cash and bank balances		13,962	12,396
Income tax recoverable		–	1,378
		<u>382,285</u>	<u>355,242</u>

		30 June	31 December
		2020	2019
	<i>Notes</i>	<i>HKD'000</i>	<i>HKD'000</i>
		(Unaudited)	(Audited)
Current liabilities			
Trade payables		22,037	–
Accruals and other payables		24,062	8,275
Contract liabilities		14,028	3,014
Lease liabilities		4,457	4,051
Bank borrowings	15	308,531	312,369
Other borrowings	16	148,309	173,061
Income tax payables		1,470	–
		<u>522,894</u>	<u>500,770</u>
Net current liabilities		<u>(140,609)</u>	<u>(145,528)</u>
Non-current liabilities			
Lease liabilities		1,776	1,764
Net assets		<u>923,210</u>	<u>934,195</u>
Capital and reserves			
Share capital	17	12,604	12,480
Reserves		906,730	921,721
Equity attributable to owners of the Company		919,334	934,201
Non-controlling interests		3,876	(6)
Total equity		<u>923,210</u>	<u>934,195</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL

Future World Holdings Limited (the “**Company**”, formerly known as Future World Financial Holdings Limited), was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 3711, 37/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in (i) high technology business; (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) trading business and related services; (vi) investment in film industry; and (vii) licensing of e-commerce platform.

The condensed consolidated interim financial statements are presented in Hong Kong dollars (“**HKD**”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated. The condensed consolidated interim financial statements were approved for issue by the board of directors on 28 August 2020.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2020 (“**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2019.

Going concern

The Group incurred a net loss of approximately HKD40,242,000 for the period ended 30 June 2020, and as of that date, the Company had net current liabilities of approximately HKD140,609,000. These conditions indicate that a material uncertainty exists which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have considered the following when they prepared the Interim Financial Statements:

The current liabilities of the Group include bank borrowings of approximately HKD220,557,000, which have been classified as current liabilities as the related loan agreements contain a repayment on demand clause. According to the loan agreements, the loans are repayable by monthly instalments in 17 – 23 years time. The Group regularly monitors its compliance with covenants and scheduled repayments of such bank borrowings and the directors of the Company do not consider that the banks will exercise their discretion to demand repayment so long as the Group continues to meet these requirements.

Taking into account of the above consideration, the directors of the Company are satisfied that the Group will be able to meet its financial obligations when they fall due. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the Interim Financial Statements on a going concern basis.

Should the Group be unable to continue as going concern, adjustments would have to be made to the Interim Financial Statements to write down the carrying amounts of assets to their recoverable amounts, to reclassify non-current assets/liabilities as current assets/liabilities respectively and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the Interim Financial Statements.

3. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis, except for the investment properties and certain financial assets, which are subsequently measured at fair value.

The Interim Financial Statements have been prepared based on the same accounting policies adopted in the 2019 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2020. In the opinion of the directors of the Company, the application of the new and revised HKFRSs in the current period has no material effect on the amounts reported and/or disclosures set out in the Interim Financial Statements.

The Group has not applied any new HKFRSs or amendments that is not yet effective for the current accounting period.

4. REVENUE

Revenue represents the income received and receivable arising from the Group's operating activities including i) high technology business; ii) property investment; iii) provision of financing services; iv) securities trading and investment; v) trading business and related services and (vi) investment in film industry during the period. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2020	2019
	<i>HKD'000</i>	<i>HKD'000</i>
	(Unaudited)	(Unaudited)
Revenue		
Revenue from contracts with customers within the scope of HKFRS 15 recognised at a point in time		
Income from high technology business	72,317	–
Income from trading business and related services	2,111	869
	74,428	869
Revenue from other sources		
Rental income from property investment	5,530	1,000
Interest income from provision of financing services	11,204	16,672
Interest income from investment in film industry	246	844
	16,980	18,516
	91,408	19,385
Net realised loss from securities trading and investments	(11,425)	–

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments under HKFRS 8 are as follows:

- High technology business
- Property investment
- Provision of financing services
- Securities trading and investment
- Trading business and related services
- Investment in film industry
- Licensing of e-commerce platform

Segment revenues and results

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

	High technology business		Property investment		Provision of financing services		Securities trading and investment		Trading business and related services		Investment in film industry		Licensing of e-commerce platform		Total	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June		30 June		30 June		30 June		30 June	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue																
- External sales	72,317	-	5,530	1,000	11,204	16,672	(11,425)	-	2,111	869	246	844	-	-	79,983	19,385
Segment result	7,382	-	(1,325)	9,342	4,598	14,567	(21,764)	3,223	(597)	(3,486)	242	1,522	-	(141)	(11,464)	25,027
Unallocated corporate income															389	6
Unallocated corporate expenses															(9,815)	(3,649)
Unallocated finance cost															(115)	-
Share of loss of an associate															(360)	-
Share-based payment expenses															(17,498)	(4,968)
(Loss)/Profit before income tax															(38,863)	16,416

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment (loss)/profit represents the (loss incurred)/profit earned by each segment without allocation of certain administration costs, directors’ emoluments, other income and share-based payment expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

	30 June	31 December
	2020	2019
	HKD'000	HKD'000
	(Unaudited)	(Audited)
Segment assets		
High technology business	66,738	–
Property investment	794,137	799,501
Provision of financing services	300,387	299,081
Securities trading and investment	262,188	298,206
Trading business and related services	7,430	17,511
Investment in film industry	5,014	10,725
Licensing of e-commerce platform	–	970
	<hr/>	<hr/>
Total segment assets	1,435,894	1,425,994
Unallocated corporate assets	11,986	10,735
	<hr/>	<hr/>
Consolidated assets	<u>1,447,880</u>	<u>1,436,729</u>
Segment liabilities		
High technology business	53,691	–
Property investment	232,063	235,002
Provision of financing services	3,135	3,572
Securities trading and investment	228,509	253,211
Trading business and related services	1,762	3,477
Investment in film industry	–	241
Licensing of e-commerce platform	–	136
	<hr/>	<hr/>
Total segment liabilities	519,160	495,639
Unallocated corporate liabilities	5,510	6,895
	<hr/>	<hr/>
Consolidated liabilities	<u>524,670</u>	<u>502,534</u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain right-of-use assets, other receivables and certain cash and bank balances; and
- all liabilities are allocated to operating segments other than certain lease liabilities, accruals and other payables.

6. FINANCE COSTS

	Six months ended 30 June	
	2020 <i>HKD'000</i> (Unaudited)	2019 <i>HKD'000</i> (Unaudited)
Interest expense on:		
Bank borrowings	5,384	5,245
Others borrowings	5,492	8,941
Leases liabilities	149	5
	11,025	14,191
	11,025	14,191

7. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2020 <i>HKD'000</i> (Unaudited)	2019 <i>HKD'000</i> (Unaudited)
Directors' and chief executive's emoluments, including share-based payment expenses of HKD6,228,000 (2019: HKD1,543,000)	9,661	3,383
Other staff costs	4,965	2,320
Contributions to retirement benefits scheme	506	70
Share-based payment expenses for employees	3,370	119
	18,502	5,892
Total staff costs	18,502	5,892
Auditor's remuneration		
– Other services	230	180
Cost of inventories recognised as an expense	60,984	779
Provision for credit loss allowances on loan and interest receivables, net	5,410	2,210
Provision for credit loss allowances on trade and other receivables, net	480	–
Provision for/(Reversal of provision for) expected credit loss on loan commitment	828	(2,456)
Direct operating expenses arising from investment properties that generated rental income during the period	399	359
Depreciation of property, plant and equipment	494	365
Depreciation of right-of-use assets	2,160	57
Minimum lease payments in respect of operating lease of office premises	598	623
Share-based payment expenses for consultants	7,900	3,306
	7,900	3,306
	7,900	3,306

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
PRC corporate income tax (<i>note (i)</i>)		
– Charge for the period	2,301	–
Hong Kong Profits Tax		
– Charge for the period (<i>note (ii)</i>)	50	769
– Withholding tax (<i>note (iii)</i>)	153	–
	<u>2,504</u>	<u>769</u>
Deferred tax (credited)/charged to profit or loss	<u>(1,125)</u>	<u>41</u>
Income tax expenses	<u><u>1,379</u></u>	<u><u>810</u></u>

Note:

- (i) The People's Republic of China (the "PRC") Enterprise Income Tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries during the six months ended 30 June 2020.
- (ii) Hong Kong profits tax has been provided at 8.25% for the first HKD2 million of profits of qualifying corporation and at 16.5% for the profit above HKD2 million.
- (iii) The withholding tax is calculated at the rate of 10% on total rental income derived in the PRC jurisdiction for the six months ended 30 June 2020.

9. DIVIDEND

The directors of the Company do not recommend for payment of a dividend for the six months ended 30 June 2020 (2019: Nil).

10. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
(Loss)/Profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<u>(43,187)</u>	<u>15,606</u>
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	12,545,698	12,087,474
Effect of dilutive potential ordinary shares:		
Share options issued by the Company (<i>Note</i>)	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u><u>12,545,698</u></u>	<u><u>12,087,474</u></u>

Note:

The computation of diluted loss per share for the six months ended 30 June 2020 did not assume the exercise of the Company's outstanding share options since it would result in a decrease in the loss per share. The computation of diluted earnings per share for the six months ended 30 June 2019 did not assume the exercise of the Company's outstanding share options because the exercise prices of those options were higher than the average market price of the shares of the Company.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

During the six months ended 30 June 2020, the Group paid approximately of HKD11,005,000 for the acquisition of property, plant and equipment (six months ended 30 June 2019: HKD835,000).

During the six months ended 30 June 2020, the Group disposed of certain items of property, plant and equipment with carrying values amounting to approximately HKD10,590,000 via disposal of Future Finet Limited (“Future Finet”) and HKD35,000 via disposal of 鉅合 (杭州) 諮詢管理有限公司 (“鉅合”) (six months ended 30 June 2019: Nil).

During the six months ended 30 June 2020, the Group entered into one new lease agreements for the use of the premise for three years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised approximately HKD2,833,000 (six months ended 30 June 2019: HKD6,956,000) of right-of-use assets and approximately HKD2,833,000 (six months ended 30 June 2019: HKD6,956,000) lease liability.

The fair value of the Group’s investment properties at the end of the reporting period have been arrived at on the basis of a valuation carried out by Colliers International (Hong Kong) Limited, a firm of independent qualified professional valuers, not connected to the Group. The valuation using direct comparison approach was arrived at by reference to market evidence of recent transaction prices for similar properties in the similar locations and conditions if such information is available.

Fair value loss of HKD3,102,000 of investment properties has been recognised in profit or loss for the six months ended 30 June 2020 (six months ended 30 June 2019: fair value gain of HKD12,000,000). At 30 June 2020, the Group’s investment property amounting approximately of HKD283,000,000 (31 December 2019: HKD285,000,000) has been pledged to secure the bank borrowings and other borrowings granted to the Group (*Notes 15 and 16*). At the same date, another investment property amounting approximately of HKD379,000,000 (31 December 2019: HKD379,000,000) has been pledged to secure the bank borrowings granted to the Group (*Note 15*).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2020 <i>HKD'000</i> (Unaudited)	31 December 2019 <i>HKD'000</i> (Audited)
Listed securities, at fair value:		
Equity securities listed in Hong Kong	<u>259,384</u>	<u>270,627</u>
		<i>HKD'000</i>
Carrying amount as at 31 December 2019 (audited)		270,627
Disposals		(21,311)
Changes in fair value through other comprehensive income		<u>10,068</u>
Carrying amount as at 30 June 2020 (unaudited)		<u>259,384</u>

Note:

The fair values of the listed equity securities investments as at 30 June 2020 were determined based on the quoted market closing prices on the Stock Exchange.

At 30 June 2020, the Group's financial assets at fair value through other comprehensive income, with carrying amount of approximately HKD259,384,000 (31 December 2019: HKD270,627,000), have been pledged to secure the other borrowings granted to the Group (*Note 16*).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020	31 December 2019
	HKD'000	HKD'000
	(Unaudited)	(Audited)
Listed securities, at fair value:		
Equity securities listed in Hong Kong	<u><u>1,079</u></u>	<u><u>26,350</u></u>
		<i>HKD'000</i>
For equity securities listed in Hong Kong:		
Carrying amount as at 31 December 2019 (audited)		26,350
Disposals		(23,454)
Changes in fair value through profit or loss		<u>(1,817)</u>
Carrying amount as at 30 June 2020		<u><u>1,079</u></u>

Note:

The fair values of the listed equity securities investments as at 30 June 2020 were determined based on the quoted market closing prices on the Stock Exchange.

At 30 June 2020, the Group's financial assets at fair value through profit or loss, with carrying amount of approximately HKD1,079,000 (31 December 2019: HKD26,350,000), have been pledged to secure the other borrowings granted to the Group (*Note 16*).

14. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES

		30 June	31 December
		2020	2019
	<i>Notes</i>	<i>HKD'000</i>	<i>HKD'000</i>
		(Unaudited)	(Audited)
Trade and other receivables			
Trade receivables	<i>(i)</i>	21,407	649
<i>Less: allowance of credit losses</i>		(480)	–
		<u>20,927</u>	<u>649</u>
Prepayments	<i>(ii)</i>	7,444	4,344
Deposits		2,957	2,561
Other receivables	<i>(iii)</i>	6,066	2,544
		<u>37,394</u>	<u>10,098</u>
Loan and interest receivables:			
From investment in film industry (including interest receivables of approximately HKD1,211,000 (31 December 2019: HKD1,639,000))	<i>(iv)</i>	5,013	10,706
From money lending business (including interest receivables of approximately HKD15,610,000 (31 December 2019: HKD6,187,000))	<i>(v)</i>	321,090	312,187
<i>Less: allowance of credit losses</i>		(25,687)	(20,277)
		<u>295,403</u>	<u>291,910</u>
		<u>300,416</u>	<u>302,616</u>

(i) **Trade receivables**

Trade receivables at the end of the reporting period represent amounts receivable from high technology business and the trading business and related services. No interest was charged on the trade receivables.

The Group requires the trade debtors to pay in accordance to the respective sales and purchase agreements.

The following is an ageing analysis of trade receivables, net of credit loss allowances, presented based on the invoice dates, which approximated the respective revenue recognition dates:

	30 June 2020 HKD'000 (Unaudited)	31 December 2019 HKD'000 (Audited)
0 – 30 days	11,318	195
31 – 90 days	7,042	432
91 – 180 days	105	–
Over 180 days	2,942	22
	21,407	649

(ii) **Prepayment**

As at 30 June 2020, the balance mainly comprised prepayments for inventories amounting to approximately HKD6,458,000 (31 December 2019: HKD4,165,000).

(iii) **Other receivables**

As at 30 June 2020, the balance mainly comprised the consideration receivables amounted to approximately HKD2,270,000 in relation to the disposal of Future Finet and approximately HKD548,000 in relation to the disposal of 鉅合, rental income receivables in relation to the investment properties in the PRC and Hong Kong amounting to approximately HKD1,576,000 (31 December 2019: HKD827,000).

(iv) **Loan and interest receivables – from investment in film industry**

During the years ended 31 December 2017 and 2018, the Group has entered into three loan agreements to provide loans to the film production investor for film distribution. One of the loans was fully settled during the year ended 31 December 2019 and one of the loans was fully settled during the six months ended 30 June 2020.

The loans to the film production investor have generated interest income of approximately HKD246,000 during the period (six months ended 30 June 2019: HKD844,000). As at 30 June 2020, the loan receivables and interest receivables due from the film production investor were approximately USD488,000 (equivalent to approximately HKD3,803,000) and USD155,000 (equivalent to approximately HKD1,210,000), respectively (31 December 2019: USD1,163,000 (equivalent to approximately HKD9,067,000) and USD210,000 (equivalent to approximately HKD1,639,000)). The loans are unsecured, borne fixed interest rate at 12% (31 December 2019: 8% to 12%) per annum and interest accrued and principal are repayable on the second or third anniversary of the date of the agreements or under the demand of the Group.

Mr. Yu Qingrui (“Mr. Yu”) agreed to provide guarantee to the Group in respect of the abovementioned loans and related interest.

(v) **Loan and interest receivables – from money lending business**

The loan receivables from 5 borrowers (31 December 2019: 4 borrowers) are unsecured, bear fixed interest rates at 8% (31 December 2019: fixed interest rates at 8%) per annum and repayable according to the respective loan agreements.

The maturity profile of these loan and interest receivables, net of credit losses allowances recognised, at the end of the reporting period, analysed by the remaining periods to their contracted maturity, is as follows:

	30 June 2020	31 December 2019
	<i>HKD’000</i>	<i>HKD’000</i>
	(Unaudited)	(Audited)
Within 1 year	<u>295,403</u>	<u>291,910</u>

Note:

The loan receivables have been reviewed by the management of the Group to assess impairment which are based on the evaluation of collectability, ageing analysis of accounts and on management’s judgement, including the current creditworthiness and the past statistics of individually significant accounts or a portfolio of accounts on a collective basis.

As at 30 June 2020, the Group has granted an aggregate irrevocable loan facility of HKD270,000,000 (31 December 2019: HKD270,000,000) to Central Wealth Group Holdings Limited (“Central Wealth”) and the total loans advanced to Central Wealth were amounted to approximately HKD215,000,000 (31 December 2019: HKD215,000,000) and generated interest income of approximately HKD3,101,000 for the period from 1 January 2019 to 13 March 2019 from Central Wealth, a related company of the Group up to 13 March 2019. These loans are unsecured, bear fixed interest rate at 8% per annum and repayable under the demand of the Group or no later than 31 December 2020.

Mr. Yu is a common shareholder and director of Central Wealth and the Company. Loans receivables of the Group disclosed pursuant to Section 383 of the CO (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	Maximum amount outstanding during the period HKD'000	30 June 2020 HKD'000 (Unaudited)	31 December 2019 HKD'000 (Audited)
Loans to Central Wealth (including interest receivables of approximately HKD13,754,000 (31 December 2019: HKD5,224,000))	<u>228,754</u>	<u>228,754</u>	<u>220,224</u>

15. BANK BORROWINGS

	30 June 2020 HKD'000 (Unaudited)	31 December 2019 HKD'000 (Audited)
Secured bank borrowings	308,531	312,369

	30 June 2020 HKD'000 (Unaudited)	31 December 2019 HKD'000 (Audited)
Carrying amount scheduled to repay as follows:		
Within one year	87,974	88,838
More than one year, but not more than two years	9,327	9,130
More than two years, but not more than five years	29,590	28,941
More than five years	181,640	185,460
	308,531	312,369

	30 June 2020 HKD'000 (Unaudited)	31 December 2019 HKD'000 (Audited)
Carrying amount of the bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	220,557	223,531
Carrying amount repayable within one year	87,974	88,838
	308,531	312,369

The bank borrowings bear interest at range of HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 0.5% p.a. over cost of fund at 30 June 2020 (31 December 2019: HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 2.5% per annum over HIBOR (1 week to 1 month)).

At 30 June 2020 and 31 December 2019, the Group's bank borrowings are secured by the investment properties amounting to approximately HKD662,000,000 (31 December 2019: HKD664,000,000) (*Note 11*).

16. OTHER BORROWINGS

As at 30 June 2020, the other borrowings due to the securities brokers are guaranteed by the Company and secured by the pledged of financial assets at fair value through other comprehensive income of approximately HKD259,384,000 (*Note 12*) and financial assets at fair value through profit or loss of approximately HKD1,079,000 (*Note 13*) and an investment property of approximately HKD283,000,000 (*Note 11*), respectively. The other borrowings due to the securities broker are repayable within twelve months from the first drawdown date.

Partial of the other borrowings amounting to approximately HKD113,403,000 due to the securities brokers are subject to the fulfilment of covenants. At 30 June 2020, a covenant of such borrowings has not been fulfilled.

17. SHARE CAPITAL

	Number of ordinary shares (<i>Note a</i>)	Number of preference shares	Amount HKD'000
Ordinary shares of HKD0.001 each			
Authorised:			
At 31 December 2019 and 30 June 2020	<u>249,480,000,000</u>	<u>520,000,000</u>	<u>250,000</u>
Issued and fully issued:			
At 31 December 2019 (audited)	12,480,291,466	–	12,480
Exercise of share option (<i>Note b</i>)	<u>124,000,000</u>	<u>–</u>	<u>124</u>
At 30 June 2020 (unaudited)	<u>12,604,291,466</u>	<u>–</u>	<u>12,604</u>

Note:

- a) All the ordinary shares which were issued by the Company rank pari passu with each other in all respects.
- b) During the six months ended 30 June 2020, 124,000,000 share options were exercised at the exercise price of HKD0.028 per share. The total cash consideration received from the issuance 124,000,000 shares was approximately HKD3,472,000, of which HKD124,000 was credited to issued share capital and the remaining balance of HKD3,348,000 was credited to the share premium account. In addition, amount attributable to the related share options of HKD980,000 has been transferred from share option reserve to the share premium account. In the opinion of the directors of the Company, the transaction costs in relation to this exercise of share option were immaterial.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenue for the Period has increased to HKD91,408,000, which is 372% higher compared with the revenue of approximately HKD19,385,000 during the previous Period. The increase of revenue was mainly attributed to the segment of high technology business. Details of high technology business are set out in "High Technology Business" section on page 23. The Group recorded a net loss of approximately HKD43,187,000 attributable to shareholders of the Company for the Period (2019: net profit of HKD15,606,000) and basic loss per share of HK0.34 cent (2019: basic earnings per share of HK0.13 cent) for the Period. The loss is mainly attributable to (i) the Group recognised share-based payment expenses of approximately HKD17,498,000 (2019: HKD4,968,000); (ii) net realised loss and net unrealised loss of investments at fair value through profit or loss of approximately HKD11,425,000 (2019: Nil) and HKD1,817,000 (2019: net unrealised gain of HKD15,662,000) respectively; (iii) provision for credit loss allowances on loan and interest receivables of approximately HKD5,410,000 (2019: HKD2,210,000); and (iv) revaluation loss of approximately HKD3,102,000 arising from change in fair value of investment properties (2019: revaluation gain of approximately HKD12,000,000).

BUSINESS REVIEW

Since January 2020, the outbreak of the novel coronavirus (COVID-19) pandemic had impact on the global business environment. Up to the date of this announcement, COVID-19 pandemic has not caused material financial difficulties to the Group. It mainly affected the development on electric motorcycle business in Indonesia and led to the electric motorcycle business postponed. The Group will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts on the financial position and operating results of the Company.

High Technology Business

Innovation and technology is an important growth engine for future economic development. Technology is leading the world into a new era, bringing with it a dramatic shift in the global economy. Leveraging on the expertise and experience of the directors and key management personnel, the Group has achieved good progress in developing in high technology business including but not limited to technology industry, intelligent robotics and related services and artificial intelligence products and application solutions. During the Period, the revenue of approximately HKD72,317,000 was generated (2019: Nil) and a profit of approximately HKD7,382,000 (2019: Nil) was recorded for the segment of high technology business.

During the Period, approximately 60.16% and 30.08% of the revenue in high technology business were contributed by intelligent industrial welding robots and equipment business and artificial intelligence products and application solutions business respectively. The Group established a top welding tooling expert team for research and development, and be committed to the development, design, production and sales of a full range of non-standard customized positioner, all kinds of special welding and cutting tooling devices, and all kinds of unmanned and intelligent non-standard production lines. Our products will be applied to pressure vessels, low-temperature equipment, special vehicles, rail transit, offshore wind power, engineering machinery and other industries. In term of artificial intelligence products and application solutions business, the main product is intelligent storage equipment.

The Group has built up a technical team with strong technical and education background and years of experience in robotic related business, and their experiences and expertise cover mechanical and robotic engineering, mechanical designs and electrical designs. The Board considers that the development in high technology business will contribute positively to the revenue and profit of the Group and will be beneficial to the development of the Group, thereby creating values to the Company and its shareholders.

Properties investment

The Group is currently holding (i) two residential properties located in Hong Kong which are on No. 19, Cumberland Road, Kowloon Tong (approximate saleable area of 5,808 square feet) and No. 1, Lincoln Road, Kowloon Tong (approximate saleable area of 6,892 square feet) respectively and (ii) 19 retail units in a development district known as “Fortune Town”(振業城) located at Henggang Road, Longgang District, Shenzhen, the PRC (中國深圳市龍崗區橫崗街道).

During the Period, the Group recorded rental income of HKD5,530,000 (2019: HKD1,000,000) and fair value loss of HKD3,102,000 (2019: fair value gain of HKD12,000,000) arising from change in fair value of investment properties from the property investment segment.

Treasury business

The treasury business includes securities trading and investment business and money lending business.

Securities trading and investment business

The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. The securities investments were classified under financial assets at fair value through other comprehensive income (“**FVTOCI**”) and financial assets at fair value through profit or loss (“**FVTPL**”) in the consolidated financial statements. During the Period, the Group’s securities trading portfolio comprised of equity securities of CMBC Capital Holdings Limited (“**CMBC Capital**”, stock code: 1141) and Central Wealth Group Holdings Limited, (“**Central Wealth**”, stock code: 139) listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

In light of the uncertainty in the future global economy with the recent COVID-19 outbreak, together having considered the funding needs of the Group, the Company disposed part of the securities investment in order to realise its investments and to allow the Group to reallocate the resources. As a whole, the securities trading and investment segment recorded a loss of approximately HKD21,764,000 during the Period (2019: gain of approximately HKD3,223,000). The loss was mainly due to financial costs of approximately HKD7,616,000 during the Period (2019: HKD10,947,000) and net realised loss from securities trading and investment of approximately HKD11,425,000 during the Period (2019: Nil). Besides, the Group recorded an unrealised loss of securities investments under FVTPL of approximately HKD1,817,000 during the Period (2019: net unrealised gain of HKD15,662,000). For the securities under FVTOCI, the Group recorded a net unrealised gain of approximately HKD10,068,000 during the Period (2019: net unrealised loss of HKD239,771,000) through other comprehensive income.

As at 30 June 2020, details of the securities investments held are as follows:

Name of the investees	Number of shares held	Percentage of equity interests as at 30.06.2020	Closing value as at 30.06.2020 <i>HKD</i>	Market value of the interests as at 30.06.2020 <i>HKD'000</i>	Fair value gain/(loss) for the Period <i>HKD'000</i>	Release of fair value reserve/Realised loss for the Period <i>HKD'000</i>
FVTOCI						
CMBC Capital (Stock code: 1141)	1,517,430,000	3.184%	0.164	248,859	27,795,000	(72,387,000)
Central Wealth (Stock code: 139)	553,954,650	3.469%	0.019	10,525	(17,727,000)	–
Total				<u>259,384</u>	<u>10,068,000</u>	<u>(72,387,000)</u>
FVTPL						
Central Wealth	56,766,666	0.355%	0.019	1,079	(1,817,000)	(11,425,000)
Total				<u>1,079</u>	<u>(1,817,000)</u>	<u>(11,425,000)</u>
Grand-Total				<u>260,463</u>	<u>8,251,000</u>	<u>83,812,000</u>

As at 30 June 2020, the Group held securities investment portfolio with market value of approximately HKD260,463,000 (31 December 2019: HKD296,977,000). Except for the investments in CMBC Capital and Central Wealth, at 30 June 2020, there were no investments held by the Group which value was more than 5% of the net assets of the Group.

Performance and prospects of the investees

CMBC

CMBC Capital and its subsidiaries (the “**CMBC Capital Group**”) was principally engaged in the business of brokerage and related services, securities investment and provision of finance. China Minsheng Banking Corporation Limited, one of the largest private banks in the PRC has indirect interest in over 60% of the issued shares capital of CMBC Capital as at 30 June 2020.

As mentioned in its interim result announcement for the six months ended 30 June 2020, the CMBC Capital Group has recorded net profit amounted to approximately HKD165 million, representing an increase of approximately 10.1% when compared to the six months ended 30 June 2019 of HKD150 million. The CMBC Capital Group's basic and diluted earnings per share were both HK0.35 cents (2019: both HK0.32 cents). Revenue has increased by approximately 12.3% to approximately HKD502 million for the six months ended 30 June 2020, compared to approximately HKD447 million for the six months ended 30 June 2019.

CMBC Capital closed at HKD0.164 as at 30 June 2020 (30 June 2019: HKD0.199).

Central Wealth

Central Wealth and its subsidiaries (the “**Central Wealth Group**”) are principally engaged in the securities and futures dealing business, financial investment, property investments and money lending business.

As mentioned in Central Wealth's annual report for the year ended 31 December 2019, the net profit after tax for the year was approximately HKD208.4 million as compared to the net loss after tax of approximately HKD67.1 million for the year ended 31 December 2018. Basic earnings per share attributable to ordinary equity holders of the parent for the year was approximately HK1.42 cents (2018: basic loss per share of approximately HK0.48 cent). The Central Wealth group recorded a revenue of approximately HKD947.7 million for the year ended 31 December 2019, compared to a revenue of approximately HKD174.5 million for the year ended 31 December 2018.

Central Wealth closed at HKD0.019 as at 30 June 2020 (30 June 2019: HKD0.072).

Money lending business

A wholly-owned subsidiary of the Group, Globally Finance Limited (“**Globally Finance**”), which held the Money Lenders Licence in Hong Kong since early of 2015, carried a licensed money lending business in Hong Kong. During the Period, Globally Finance generated revenue of approximately HKD11,204,000 (2019: HKD16,672,000) and recorded a profit of approximately HKD4,598,000 (2019: HKD14,567,000). During the Period, the Group assessed and estimated credit loss allowance for loan and interest receivables under HKFRS 9 requirement. Based on the result of credit assessment on debtors, the Group provided approximately HKD25,687,000 credit loss allowance as at 30 June 2020 (31 December 2019: HKD20,277,000), and HKD5,410,000 was charged to consolidated profit or loss for the Period (2019: HKD2,210,000).

Investment in film industry

China Wisdom Group Limited (“**China Wisdom**”), a wholly owned subsidiary of the Company, has entered into agreements with Ocean Wave Motion Pictures (International) Limited (“**Ocean Wave**”) in relation to investment and advancements in the following film projects:

Date of agreement	Film project	Investment/ Advancement amount	Annual interest rate	Investment return	Carrying amount of investment	
					as at 30.6.2020 (as at 31.12.2019)	Category
					HKD	
11.10.2017	Two Days 《兩天》	USD487,500	12%	Nil	5,013,000 (4,787,000)	Loan and interest receivables
12.06.2018	Papillon 《巴比龍》	USD675,000	8%	Nil	– (5,919,000)	Loan and interest receivables

During the Period, China Wisdom recorded interest income from the segment of investment in film industry of approximately HKD246,000 (2019: HKD844,000). The Board considers that the entering into of the above agreements will allow the Group to have stable return without significant risk exposures.

Trading business and related services

Trading business and related services include intelligent robots trading business and face mask business.

Facing the outbreak of the novel coronavirus (COVID-19) pandemic, the Group has ordered mask production lines and commenced mask production in April 2020. The Group has also engaged an independent third party for mask production on an OEM basis. However, with the alleviation of the COVID-19 outbreak since late April 2020 with the free distribution of protective masks (CuMask) by the Hong Kong government, having taken into consideration of the reduction in demand and needs, the Group has ceased its own local mask production and disposed the relevant subsidiary in May 2020 in order to control costs and expenses but retained its OEM mask production in order to keep flexibility. The disposal was completed on 14 May 2020 and the Group recorded a gain on disposal of approximately HKD755,000. During the Period, the mask products of the Group have been distributed and sold through a number of drugstores and one of the leading cosmetics retail chains in Hong Kong. Revenue of approximately HKD1,549,000 was generated (2019: Nil) and a profit before tax of approximately HKD477,000 (2019: Nil) was recorded from OEM mask production during the Period.

With a view to developing and expanding the Group's intelligent robotics business from last year, the Group has entered into several trading agreements in relation to the sales of robots and related products during the Period.

During the Period, revenue of approximately HKD2,111,000 was generated (2019: HKD869,000) and a loss of approximately HKD597,000 (2019: HKD3,486,000) was recorded as a whole for the segment of trading business and related services. The Group will seek for business opportunity in the trading business.

Licensing of e-commerce platform

During the Period, no revenue (2019: Nil) was generated for the segment of licensing of e-commerce platform business. The Group will continue to look for any potential opportunity in the licensing of e-commerce platform business.

FINANCIAL REVIEW

Liquidity, financial, resources and funding

During the Period, the Group mainly financed its operations by cash generated from operation and bank borrowings. The Group had total cash and bank balances of approximately HKD13,962,000 as at 30 June 2020 (31 December 2019: HKD12,396,000). As at 30 June 2020, the Group had total borrowings of approximately HKD456,840,000 (31 December 2019: HKD485,430,000) comprised with bank borrowings of approximately HKD308,531,000 (31 December 2019: HKD312,369,000) and other borrowings of approximately HKD148,309,000 (31 December 2019: HKD173,061,000).

Among bank borrowings, approximately HKD87,974,000 are repayable within one year, HKD9,327,000 are repayable over one year but not exceeding two years, HKD29,590,000 are repayable over two years but not exceeding five years and HKD181,640,000 are repayable over five years. The bank borrowings bear interest rate at range of HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 0.5% p.a. over cost of fund. Details are set out in Note 15 to the condensed consolidation interim financial statements.

The other borrowings comprised of margin loans and revolving loan. The margin loan payables bear fixed interest at 9% to 9.5% per annum. The margin loan payables are repayable within one year and was guaranteed by the Company. The revolving loan bear fixed interest rate of HKD Prime Rate – 2% per annum. Details are set out in Note 16 to the condensed consolidated interim financial statements.

The gearing ratio, which is calculated as total borrowings divided by total equity, was approximately 49.48% as at 30 June 2020 (31 December 2019: 51.96%). Net assets were approximately HKD923,210,000 as at 30 June 2020 (31 December 2019: HKD934,195,000).

As at 30 June 2020, the Group has total current assets of approximately HKD382,285,000 (31 December 2019: HKD355,242,000) and total current liabilities of approximately HKD522,894,000 (31 December 2019: HKD500,770,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was approximately 0.73 as at 30 June 2020 (31 December 2019: 0.71).

The Group's finance costs for the Period was approximately HKD11,025,000 (2019: HKD14,191,000) and was mainly related to interests paid on the bank borrowings and margin loans.

Pledge of assets

At 30 June 2020, the Group's investment properties with carrying amount of HKD662,000,000 (31 December 2019: HKD664,000,000) have been pledged to secure the bank borrowings granted to the Group.

As at 30 June 2020, the Group had pledged an investment property with carrying amount of HKD283,000,000 (31 December 2019: HKD285,000,000), the securities investment under FVTOCI of approximately HKD259,384,000 (31 December 2019: HKD270,627,000) and the securities investment under FVTPL of approximately HKD1,079,000 (31 December 2019: HKD26,350,000) to secure the other borrowings.

Foreign currency management

The Group has minimal exposure to foreign currency risks as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars. The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2020, the Group had 70 employees including Directors situated in Hong Kong and the PRC (31 December 2019: 35 employees situated in Hong Kong and the PRC). The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the Period, the total staff costs including remuneration of Directors and chief executives amounted to approximately HKD18,502,000 (2019: HKD5,892,000).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Period (2019: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company during the Period.

EVENTS AFTER THE REPORTING PERIOD

Share consolidation

On 22 May 2020, the Company proposed to implement a share consolidation on the basis that every twenty 20 issued and unissued shares of HKD0.001 each will be consolidated into one consolidated share of HKD0.02 each (the “**Share Consolidation**”).

Pursuant to an ordinary resolution passed on 30 June 2020, the Share Consolidation was approved by the shareholders of the Company and has become effective on 3 July 2020. Immediately after the Share Consolidation, the total number of issued shares of the Company was adjusted from 12,604,291,446 to 630,214,572.

For further information in relation to the Share Consolidation, please refer to the announcements of the Company dated 22 May 2020, 8 June 2020 and 30 June 2020 and the circular of the Company dated 12 June 2020.

Proposed rights issue

On 22 May 2020, the Company announced the proposed rights issue (the “**Rights Issue**”) on the basis of one rights share (the “**Rights Shares**”) for every two shares held on 10 July 2020 as a record date at the subscription price of HKD0.18 per rights share. The Rights Issue was completed on 17 August 2020, and 315,107,286 Rights Shares were allotted and issued to the shareholders accordingly.

The net proceeds from the Rights Issue after deducting the expenses were approximately HKD53 million. The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately HKD16 million for development of intelligent industrial welding robots or cutting tooling devices business; (ii) approximately HKD14 million for development of the money lending business; (iii) approximately HKD10 million for repayment of loan and interest; and (iv) the remaining balance for general working capital of the Group.

Details were set out in the Company’s announcements dated 22 May 2020, 8 June 2020, 4 August 2020 and 14 August 2020 and prospectus of the Company dated 15 July 2020.

PROSPECTS

The Group are principally engaged in (i) high technology business; (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) investment in film industry; (vi) trading business and related services and (vii) licensing of e-commerce platform. The Group will continue to explore opportunities in these core businesses so as to create long-term value for its shareholders.

In 2019, the Board has initiated a revamp by appointing new Directors and new Chief Executive Officer of the Group. Leveraging on the expertise and experience of the new Directors and key management personnel, the Group has successfully embarked on new strategic initiatives and developed the business in relation to high technology and related services business. During the Period, the revenue from high technology business accounted for 79.11% of the Group's total revenue and recorded a profit of approximately HKD7,382,000. It can be seen that high technology business has made a very important contribution to the Group and the high technology business has successfully driven the Group's business into new areas. The high technology business mainly revolves around industrial robot system, intelligence hardware for service robots, new energy transportation and entertainment technology.

Technology is leading the world into a new era and changing the global economy. Industrial robots have also improved production efficiency and accuracy. Robotics will completely change manufacturing, construction and infrastructure processes, and bring a industrial new revolution. As the multilateral relations between China and other countries are becoming increasingly tense, cooperation between countries, especially cooperation in science and technology, is encountering unprecedented challenges. However, this is an excellent opportunity for China to vigorously and independently develop technological innovation. In the context of the huge demand in the Mainland China market and the rapid application of new technologies, the Group will devote more resources to bolstering its high technology business through development and acquisition of quality international and domestic projects.

After the Company entered into a global strategic co-operation agreement with HIT Robot Group Co., Ltd. (哈工大機器人集團股份有限公司) (“**HIT Robot Group**”) in 2019, pursuant to which each of the Company and HIT Robot Group will become global strategic co-operation partner and will co-operate with each other on their respective business areas including but not limited to intelligent robotics, artificial intelligence, 3C intelligence technology products and commodities trading, HIT Robot Group has become a substantial shareholder of the Company holdings approximately 20% issued share capital indirectly of the Company upon completion of the Right Issue in August 2020. The Group believes that the cooperation with HIT Robot Group and supported by HIT Robot Group’s numerous industrial incubation bases in the Mainland China can speed up the development of the project.

HIT Robot Group was established in December 2014. Under “Made in China 2025”, encouraging innovation and shifting the economy to high-quality development, HIT Robot Group was engaged in robotics and related emerging industries, and relies on the construction, operation and model promotion of the HIT Robot Group’s “Science, Innovation, Production and Education” community to build a new technological innovation center. As a platform economy operator and a double-creation ecological service provider, HIT Robot Group takes “innovation + entrepreneurship + industry + education + capital” as its business structure, collaborative development of “real economy, technological innovation, modern finance, and human resources” as its business content, integration of “innovation chain, industrial chain, and capital chain” as its business process, system operation of “technological innovation, achievement transformation, industrial training” as its business goal. HIT Robot Group comprehensively serves the transformation of high-tech achievements and high-end talent entrepreneurship, serves the regional innovation systems construction and local industries transformation and upgrading, and serves the high-quality development and sustainable development of the economy.

In the future, the Group will develop different innovative technology products and applications, pursue huge market opportunities and to diversify its high technology business portfolio with a view to broaden its income stream which shall be in the best interests of the Company and its shareholders as a whole.

In 2015, the Group invested in securities brokerage business in Hong Kong through investment in associates. The Group disposed the associates to Central Wealth listed on the Stock Exchange subsequently in 2017.

The Directors are optimistic to the securities market development in Hong Kong and have resolved to continue its securities brokerage business. The Group obtained the licenses from the Securities and Futures Commission to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities through a wholly owned subsidiary Oriental Power Securities Investment Limited (“**Oriental Power**”). Oriental Power aims at providing broader and more diversified services to customers. Oriental Power targets to provide securities dealing and advising securities services to its customers. Oriental Power will provide broker-dealer services covering the stocks and investment-linked instruments listed in the Stock Exchange. Oriental Power will act as an underwriter or a sub-underwriter or a placing agent or a sub-placing agent for companies listed or to be listed on the Stock Exchange or shareholders of companies listed or to be listed on the Stock Exchange for their fund raising exercises such as IPOs, rights issues, open offers or placing of new and/or existing shares and debt securities. Oriental Power will charge placing or underwriting commission at a rate determined by negotiation with clients which is generally in line with market practice.

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code (the “**CG Code**”) throughout the Period as set out in Appendix 14 of the Listing Rules except for the following deviations:

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. Four independent non-executive directors, namely Mr. Chen Pei, Mr. Siu Siu Ling, Robert, Mr. Tam Tak Wah and Zheng Zongjia were appointed with no specific term. All independent non-executive directors are subject to the requirement to retire by rotation at least once every three years. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the existing directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

The Company also adopted a code on no less exacting terms than the Model Code to regulate dealings in the securities of the Company by certain employees of the Group who are considered to be likely in possession of inside information in relation to the Company or its securities.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated financial statements of the Company for the Period had been reviewed by the Audit Committee of the Company before they were duly approved by the Board under the recommendation of the Audit Committee.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.fw-holdings.com. The interim report for the Period containing all the information required by Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

By order of the Board
Future World Holdings Limited
Liang Jian
Chairman

Hong Kong, 28 August 2020

As at the date of this announcement, the Board comprises (i) seven executive Directors, namely Mr. Liang Jian, Mr. Yu Zhenzhong, Mr. Cai Linzhan, Mr. Lau Fai Lawrence, Mr. Siu Yun Fat, Mr. Wang Fei and Mr. Yu Qingrui; and (ii) five independent non-executive Directors, namely Mr. Chen Pei, Mr. Siu Siu Ling, Robert, Mr. Tam Tak Wah, Mr. Wang Ning and Mr. Zheng Zongjia.