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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)**

**FINAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The board of directors (the “**Board**”) of Future World Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020 together with comparative figures for the previous year as follows:

# FINANCIAL SUMMARY

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

		2020	2019
	Notes	HKD'000	HKD'000
<b>Net realised loss from securities trading and investments</b>	4	<u>(13,067)</u>	<u>–</u>
<b>Revenue</b>	4	<b>234,659</b>	80,916
Cost of sales		<u>(166,366)</u>	<u>(44,940)</u>
<b>Gross profit</b>		<b>68,293</b>	35,976
Other income and gains	6	<b>1,689</b>	19
Selling and distribution costs		<b>(4,513)</b>	–
Administrative expenses		<b>(37,083)</b>	(29,888)
Gain on disposal of subsidiaries, net		<b>973</b>	–
Loss on early redemption of promissory note		–	(266)
(Provision for)/reversal of credit loss allowances on loan and interest receivables, net		<b>(1,433)</b>	6,740
Provision for credit loss allowances on trade receivables, net		<b>(125)</b>	–
Reversal of expected credit loss on loan commitment, net		<b>687</b>	2,456
Change in fair value of financial assets at fair value through profit or loss		<b>148</b>	5,252
Change in fair value of investment properties		<b>(3,125)</b>	(27,790)
Share of loss of an associate		<b>(371)</b>	(139)
Share-based payment expenses		<u><b>(17,498)</b></u>	<u>(17,893)</u>
<b>Operating loss</b>		<b>(5,425)</b>	(25,533)
Finance costs	7	<u><b>(21,132)</b></u>	<u>(26,856)</u>
<b>Loss before income tax</b>	8	<b>(26,557)</b>	(52,389)
Income tax expense	9	<u><b>(4,593)</b></u>	<u>(1,602)</u>
<b>Loss for the year</b>		<u><b>(31,150)</b></u>	<u>(53,991)</u>

		2020	2019
	Notes	HKD'000	HKD'000
<b>Other comprehensive income/(loss)</b>			
<i>Item that will be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		10,312	221
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of financial assets at fair value through other comprehensive income	12	(35,859)	(372,831)
<b>Other comprehensive loss for the year, net of income tax</b>		(25,547)	(372,610)
<b>Total comprehensive loss for the year</b>		(56,697)	(426,601)
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		(38,003)	(53,991)
Non-controlling interests		6,853	—*
		(31,150)	(53,991)
<b>Total comprehensive (loss)/income for the year attributable to:</b>			
Owners of the Company		(64,023)	(426,601)
Non-controlling interests		7,326	—*
		(56,697)	(426,601)
<b>Loss per share attributable to owners of the Company</b>			
– Basic and diluted	11	HK(5.08) cents	(Restated) HK(8.76) cents

\* Amount less than HKD1,000

**Consolidated Statement of Financial Position**  
*As at 31 December 2020*

	<i>Notes</i>	<b>2020</b> <b>HKD'000</b>	2019 HKD'000
<b>Non-current assets</b>			
Property, plant and equipment		2,161	2,321
Right-of-use assets		8,797	6,095
Investment properties		803,836	798,085
Interest in an associate		58	423
Financial assets at fair value through other comprehensive income	12	220,117	270,627
Loan receivables	14	298,451	–
Deferred tax assets		4,059	3,936
		<u>1,337,479</u>	<u>1,081,487</u>
<b>Current assets</b>			
Inventories		10,581	2,404
Loan and interest receivables	14	39,564	302,616
Financial assets at fair value through profit or loss	13	1,394	26,350
Trade, bills and other receivables	15	81,793	10,098
Contract assets		8,594	–
Pledged bank deposits and cash and bank balances		12,491	12,396
Income tax recoverable		–	1,378
		<u>154,417</u>	<u>355,242</u>
<b>Current liabilities</b>			
Trade payables, accruals and other payables	16	72,993	8,275
Contract liabilities		5,133	3,014
Lease liabilities		3,877	4,051
Bank borrowings	17	305,009	312,369
Other borrowings	18	143,709	173,061
Income tax payables		2,441	–
		<u>533,162</u>	<u>500,770</u>
<b>Net current liabilities</b>		<u>(378,745)</u>	<u>(145,528)</u>
<b>Total assets less current liabilities</b>		<u>958,734</u>	<u>935,959</u>
<b>Non-current liabilities</b>			
Lease liabilities		5,501	1,764
<b>Net assets</b>		<u>953,233</u>	<u>934,195</u>
<b>Capital and reserves</b>			
Share capital		18,906	12,480
Reserves		926,049	921,721
Equity attributable to owners of the Company		944,955	934,201
Non-controlling interests		8,278	(6)
<b>Total equity</b>		<u>953,233</u>	<u>934,195</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2020*

## 1. GENERAL

The Company 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 Group is 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.

During the year, the Group acquired equity interests in certain subsidiaries from independent third parties and commenced in high technology business. Further details of which are set out in Note 19.

The consolidated 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 where otherwise indicated.

## 2. BASIS OF PREPARATION

### Statement of compliance

These consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (the “**CO**”). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

## **Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties, financial assets at fair value through profit or loss (“**FVTPL**”) and financial assets at fair value through other comprehensive income (“**FVTOCI**”), which are subsequently measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurement is categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## **Going concern**

The Group incurred a net loss of approximately HKD31,150,000 for the year ended 31 December 2020 and, as of that date, the Group has net current liabilities of approximately HKD378,745,000. These conditions indicate a material uncertainty exists that 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 followings when they prepared the consolidated financial statements for the year ended 31 December 2020:

The current liabilities of the Group include bank borrowings of approximately HKD215,520,000, 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. 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.

The Group would sell part of its financial assets at FVTOCI in order to improve the Group's financial position, liquidity and cash flows. In addition, the directors of the Company also consider several measures together with other measures in progress at the date of this announcement which include taking stringent cost controls aiming at improving the working capital and cash flow position of the Group, equity fund raising and negotiating with certain bankers to obtain long-term banking facilities.

Taking into account of the above consideration and measures, 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 consolidated 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 consolidated financial statements to write down the carrying amounts of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

### 3. ADOPTION OF NEW AND REVISED HKFRSs

#### (a) Adoption of revised HKFRSs effective from 1 January 2020

In the current year, the Group has applied a number of amendments to HKFRSs issued by the HKICPA that are mandatorily effective for an accounting period that begins on or after 1 January 2020. These amendments have been applied by the Group for the first time in the current year unless otherwise specified.

Amendments to HKAS 1 (Revised) and HKAS 8	Definition of Material
Amendments to HKFRS 3 (Revised)	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

In addition, in the preparation of the consolidated financial statements for the year ended 31 December 2020, the Group has early applied the Amendments to HKFRS 16 *Covid-19 – Related Rent Concessions*, which are mandatorily effective for annual reporting periods beginning on or after 1 June 2020.

Except as described below, the application of amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### ***Impacts on application of Amendments to HKFRS 3 Definition of a Business***

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.



In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The application of the amendments had no impact on the consolidated financial statements in the current year as similar conclusion would have been reached without applying the optional concentration test.

#### ***Impacts on early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions***

The Group has early applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 *Leases* if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening retained earnings at 1 January 2020. The Group has benefited from partially waiver of lease payments on one of the leases in the Group. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of approximately HKD55,000, which has been recognised in other income for the current year.

**(b) New and revised HKFRSs that have been issued but are not yet effective**

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in the consolidated financial statements:

Amendments to HKFRS 3 (Revised)	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
HKFRS 17	Insurance Contracts and related amendments <sup>3</sup>
Amendments to HKAS 1 (Revised)	Classification of Liabilities as Current or Non-current and related amendments to HK Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 <sup>2</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2021*

<sup>2</sup> *Effective for annual periods beginning on or after 1 January 2022*

<sup>3</sup> *Effective for annual periods beginning on or after 1 January 2023*

<sup>4</sup> *The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.*

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs. So far, it has concluded that the above new and revised HKFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

#### 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 year. An analysis of the Group's revenue for the year is as follows:

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
<b>Revenue</b>		
Revenue from contracts with customers within the scope of HKFRS 15 recognised at a point in time:		
Income from high technology business	180,358	–
Income from trading business and related services	13,154	44,012
	<u>193,512</u>	<u>44,012</u>
Revenue from other sources:		
Rental income from property investment	12,488	3,340
Interest income from provision of financing services	22,985	28,174
Dividend income from securities trading and investments	5,198	4,061
Interest income from investment in film industry	476	1,329
	<u>41,147</u>	<u>36,904</u>
	<u><b>234,659</b></u>	<u><b>80,916</b></u>
Net realised loss from securities trading and investments	<u><b>(13,067)</b></u>	<u><b>–</b></u>

#### 5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers ("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 executive directors of the Company have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable 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 financial performance

The following is an analysis of the Group's revenue and financial performance from operations by reportable and operating segment:

	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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Revenue																
– External sales	180,358	–	12,488	3,340	22,985	28,174	5,198	4,061	13,154	44,012	476	1,329	–	–	234,659	80,916
Segment financial performance	21,823	–	2,275	(32,661)	21,684	32,726	(24,472)	(14,411)	(7,475)	(8,709)	(185)	1,128	–	(646)	13,650	(22,573)
Unallocated corporate income															967	19
Unallocated corporate expenses															(23,149)	(11,631)
Share of loss of an associate															(371)	(139)
Share-based payment expenses															(17,498)	(17,893)
Unallocated finance cost															(156)	(172)
Loss before income tax															(26,557)	(52,389)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned/(loss incurred) by each segment without allocation of certain administration costs, directors' emoluments, other revenue, share of loss of an associate, share-based payment expenses and certain finance costs. This is the measure reported to the chief operating decision makers 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 segment:

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
<b>Segment assets</b>		
High technology business	98,203	–
Property investment	808,820	799,501
Provision of financing services	336,845	299,081
Securities trading and investment	225,136	298,206
Trading business and related services	13,630	17,511
Investment in film industry	5,244	10,725
Licensing of e-commerce platform	–	970
	<hr/>	<hr/>
Total segment assets	1,487,878	1,425,994
Unallocated corporate assets	4,018	10,735
	<hr/>	<hr/>
Consolidated assets	<u>1,491,896</u>	<u>1,436,729</u>
<b>Segment liabilities</b>		
High technology business	71,436	–
Property investment	228,976	235,002
Provision of financing services	1,692	3,572
Securities trading and investment	224,079	253,211
Trading business and related services	4,409	3,477
Investment in film industry	88	241
Licensing of e-commerce platform	–	136
	<hr/>	<hr/>
Total segment liabilities	530,680	495,639
Unallocated corporate liabilities	7,983	6,895
	<hr/>	<hr/>
Consolidated liabilities	<u>538,663</u>	<u>502,534</u>

	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		Unallocated		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Amounts included in the measure of segment profit or loss or segment assets:																		
Addition to property, plant and equipment	727	-	-	-	-	-	-	-	8	1,315	-	-	-	-	10,635	-	11,370	1,315
Addition to right-of-use assets	6,818	-	-	-	-	-	-	-	-	1,840	-	-	-	-	-	6,268	6,818	8,108
Acquisition of investment property through acquisition of a subsidiary	-	-	-	147,686	-	-	-	-	-	-	-	-	-	-	-	-	-	147,686
Depreciation of property, plant and equipment	59	-	-	-	-	-	605	672	265	124	-	-	-	-	39	24	968	820
Depreciation of right-of-use assets	341	-	-	-	-	-	-	-	684	92	-	-	-	-	3,134	1,921	4,159	2,013
Provision for/(reversal of) credit loss allowances on loan and interest receivables, net	-	-	-	-	1,433	(6,740)	-	-	-	-	-	-	-	-	-	-	1,433	(6,740)
Provision for credit loss allowances recognised on trade receivables, net	114	-	8	-	-	-	-	-	3	-	-	-	-	-	-	-	125	-
Reversal of expected credit loss on loan commitment	-	-	-	-	(687)	(2,456)	-	-	-	-	-	-	-	-	-	-	(687)	(2,456)
Change in fair value of financial assets at FVTPL	-	-	-	-	-	-	(148)	(4,133)	-	-	-	(1,119)	-	-	-	-	(148)	(5,252)
Change in fair value of investment properties	-	-	3,125	27,790	-	-	-	-	-	-	-	-	-	-	-	-	3,125	27,790
Loss on early redemption of promissory note	-	-	-	266	-	-	-	-	-	-	-	-	-	-	-	-	-	266
Finance costs	402	-	6,130	6,977	-	-	14,402	19,698	42	9	-	-	-	-	156	172	21,132	26,856
Income tax expense	4,105	-	576	84	(123)	1,517	-	-	35	-	-	-	-	-	-	-	4,593	1,602

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:

Interest income	-	-	-	-	-	(2)	(1)	(1)	(1)	(16)	-	-	-	-	(1)	-	(3)	(19)
Share of loss of an associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	371	139	371	139

## Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

The Group's revenue from external customers classified in accordance with geographical location of customers during the reporting period and information about the non-current assets, except deferred tax assets, financial assets at FVTOCI, loan receivables and interest in an associate classified in accordance with geographical location of the assets at the end of the reporting period are detailed below.

	2020			2019		
	Hong Kong HKD'000	The PRC HKD'000	Total HKD'000	Hong Kong HKD'000	The PRC HKD'000	Total HKD'000
Revenue	<u>46,839</u>	<u>187,820</u>	<u>234,659</u>	<u>80,076</u>	<u>840</u>	<u>80,916</u>
Non-current assets:						
Property, plant and equipment	1,101	1,060	2,161	1,918	403	2,321
Right-of-use assets	1,741	7,056	8,797	5,632	463	6,095
Investment properties	<u>662,000</u>	<u>141,836</u>	<u>803,836</u>	<u>664,000</u>	<u>134,085</u>	<u>798,085</u>

## Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2020 HKD'000	2019 HKD'000
Customer A <sup>1</sup>	36,462	N/A <sup>4</sup>
Customer B <sup>2</sup>	N/A <sup>4</sup>	39,906
Customer C <sup>3</sup>	<u>N/A<sup>4</sup></u>	<u>16,619</u>

<sup>1</sup> Income from high technology business

<sup>2</sup> Revenue from trading business and related services

<sup>3</sup> Interest income from provision of financing services

<sup>4</sup> The customers contributed less than 10% of the total revenue for the respective years.

## 6. OTHER INCOME AND GAINS

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
Interest income on bank deposits	3	19
Government subsidies ( <i>Note (i)</i> )	995	–
Gains from bargain purchases ( <i>Note 19</i> )	37	–
Rent concession in relation to COVID-19 ( <i>Note (ii)</i> )	55	–
Sundry income	599	–
	<u>1,689</u>	<u>19</u>

### Notes:

- (i) The government subsidies recognised for the year ended 31 December 2020 (2019: Nil) were the approved subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme as promulgated by the Government of the Hong Kong Special Administrative Region of the PRC. There are no unfulfilled conditions or other contingencies attached to these subsidies.
- (ii) The Group was granted a rent concession in relation to COVID-19 for an office premise during the year (2019: Nil). The Group applied the practical expedient in paragraph 46A of HKFRS 16 for its rent concession in relation to COVID-19, such that the Group elected not to assess whether the rent concession that meets the conditions in paragraph 46B of HKFRS 16 is a lease modification. Therefore, the rent concession was recognised as other income for the year (2019: Nil).

## 7. FINANCE COSTS

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
Interest expenses on bank borrowings	8,743	10,821
Interest expenses on other borrowings	11,793	15,486
Interest expenses on lease liabilities	214	173
Interest expenses on government loans	382	–
Imputed interest expenses on promissory note	–	368
Interest expenses on bank overdraft	–	8
	<u>21,132</u>	<u>26,856</u>



## 8. LOSS BEFORE INCOME TAX

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

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
Directors' and chief executive's emoluments, including share-based payment expenses of HKD6,228,000 (2019: HKD4,442,000)	14,373	9,049
Other staff costs, including share-based payment expenses of HKD3,370,000 (2019: HKD344,000)	16,190	6,311
Contributions to retirement benefits scheme	430	245
Total staff costs	<u>30,993</u>	<u>15,605</u>
Auditor's remuneration:		
– Audit services	900	780
– Non-audit services	395	430
Cost of inventories recognised as expenses	166,162	43,628
Depreciation of property, plant and equipment	968	820
Depreciation of right-of-use assets	4,159	2,013
Direct operating expenses arising from investment properties that generated rental income during the year	576	268
Direct operating expenses arising from investment properties that did not generated rental income during the year	195	485
Expenses relating to short-term leases	1,422	1,157
Loss on early redemption of promissory note	–	266
Loss on early termination of a lease agreement	22	–
Provision for/(reversal of) credit loss allowances on loan and interest receivables, net	1,433	(6,740)
Provision for credit loss allowances on trade receivables, net	125	–
Reversal of expected credit loss on loan commitment, net	(687)	(2,456)
Share-based payment expenses for consultants	<u>7,900</u>	<u>13,107</u>

## 9. INCOME TAX EXPENSE

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
Current tax:		
– Hong Kong Profits Tax	–	1
– The PRC Enterprise Income Tax (“EIT”)	4,140	–
– Withholding Tax	576	84
	<u>4,716</u>	<u>85</u>
Deferred tax (credited)/charged to profit or loss	(123)	1,517
	<u>(123)</u>	<u>1,517</u>
Income tax expense	<u><u>4,593</u></u>	<u><u>1,602</u></u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax under these jurisdictions during the year (2019: Nil).

Under the two-tiered profits tax rates regime in Hong Kong, the first HKD2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2,000,000 will be taxed at 16.5%. The assessable profits of group entities that are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The PRC EIT has been provided at the rate of 25% on the taxable profits of the Group’s subsidiaries in the PRC during the year ended 31 December 2020. Certain subsidiaries of the Group, which are qualified small and micro-sized enterprises (“SMEs”) under Caishui [2019] No.13, are eligible for certain tax reduction. No PRC EIT has been provided for the year ended 31 December 2019 in the consolidated financial statements, as the Group has no assessable profits derived in the PRC during the year ended 31 December 2019.

The withholding tax is calculated at the rate of 10% on total rental income derived prevailing in the PRC jurisdiction for both years.

## 10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

## 11. LOSS PER SHARE

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

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(38,003)</u>	<u>(53,991)</u>
<b>Number of shares</b>		
	2020 <i>'000</i>	2019 <i>'000</i> (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>748,330</u>	<u>616,058</u>

The weighted average number of ordinary shares used to calculate the basic and diluted loss per share for both years have been adjusted to reflect the Share Consolidation and the Rights Issue (as defined in section headed "Capital Structure") during the year ended 31 December 2020. Accordingly, the basic and diluted loss per share for the year ended 31 December 2019 are restated.

The computation of diluted loss per share for both years did not assume the exercise of the Company's outstanding share options since it would result in a decrease in the loss per share. Therefore, the amount of diluted loss per share is the same as the amount of basic loss per share.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
Listed securities, at fair value:		
Equity securities listed in Hong Kong	<u>220,117</u>	<u>270,627</u>

The below table reconciled the equity securities listed in Hong Kong:

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
At 1 January	270,627	698,020
Additions	22,041	–
Disposal	(36,692)	(54,562)
Changes in fair value through other comprehensive income	<u>(35,859)</u>	<u>(372,831)</u>
At 31 December	<u>220,117</u>	<u>270,627</u>

The balance as at 31 December 2020 represents three (2019: two) listed equity securities which are listed on the Stock Exchange, amounting to approximately HKD18,152,000 (2019: HKD28,252,000), HKD198,401,000 (2019: HKD242,375,000) and HKD3,564,000 (2019: Nil), namely Central Wealth Group Holdings Limited (“**Central Wealth**”), CMBC Capital Holdings Limited (“**CMBC Capital**”) and Huasheng International Holding Limited, respectively, which were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature. The fair values of the listed equity securities investments were determined based on the quoted market closing prices on the Stock Exchange. During the year, the dividends received from these investments were approximately HKD5,196,000 (2019: HKD4,061,000).

During the year ended 31 December 2020, the Group decided to optimise its investment portfolio so as to enhance the financial and cash position of the Group. As a result, certain listed equity securities were sold at HKD36,692,000 and resulted in a cumulative fair value loss of approximately HKD109,796,000 reclassified to retained earnings.

During the year ended 31 December 2019, the Group sold part of its shares in CMBC Capital in order to strengthen the cash position of the Group for repayments of margin loans and use for future business plans. The shares were sold at approximately HKD54,562,000 and resulted in a cumulative fair value loss of approximately HKD145,431,000 reclassified to retained earnings.

At 31 December 2020, the Group’s financial assets at FVTOCI, with carrying amount of approximately HKD209,397,000 (2019: HKD270,627,000), have been pledged to secure the other borrowings granted to the Group (Note 18).

### 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Notes</i>	<b>2020</b> <b>HKD'000</b>	2019 <i>HKD'000</i>
Listed securities held for trading, at fair value:			
Equity securities listed in Hong Kong	(i)	<b>1,394</b>	26,350
Debt investment in film industry	(ii)	<u>—</u>	<u>—</u>
		<b><u>1,394</u></b>	<b><u>26,350</u></b>

The below table reconciled the equity securities listed in Hong Kong:

	<b>2020</b> <b>HKD'000</b>	2019 <i>HKD'000</i>
At 1 January	<b>26,350</b>	22,217
Additions	<b>2,556</b>	—
Disposals	<b>(14,593)</b>	—
Changes in fair value and net realised loss from disposals	<b><u>(12,919)</u></b>	<u>4,133</u>
At 31 December	<b><u>1,394</u></b>	<b><u>26,350</u></b>

The below table reconciled the debt investment in film industry:

	<b>2020</b> <b>HKD'000</b>	2019 <i>HKD'000</i>
At 1 January	—	9,177
Changes in fair value	—	1,119
Settlement of debt investment	<u>—</u>	<u>(10,296)</u>
At 31 December	<b><u>—</u></b>	<b><u>—</u></b>

*Notes:*

- (i) The fair values of the listed equity securities investments as at 31 December 2020 and 2019 were determined based on the quoted market closing prices on the Stock Exchange. During the year, the dividends received from these investments were approximately HKD2,000 (2019: Nil).

As at 31 December 2019, the Group's financial assets at FVTPL, with carrying amount of approximately HKD26,350,000, have been pledged to secure the other borrowings granted to the Group (Note 18). As at 31 December 2020, the Group's financial assets at FVTPL have not been pledged.

- (ii) In prior year, one of the Group's loan due from an entity engaged in investment in film industry ("**Film Production Investor**") amounted to approximately United States Dollars ("**USD**") 1,320,000 (equivalent to approximately HKD10,296,000) did not fulfill the contractual cash flow characteristics test specified in HKFRS 9, such loan has been classified as financial assets at FVTPL. The loan was unsecured, and bearing fixed interest rate at 8% per annum with upside return.

The Group was entitled an additional return (the "**Upside Return**") from the loan, with reference to sum received or receivable from the Film Production Investor in connection to the provision of distribution services of the film. After assessment on status of the distribution service, the management considered that it was remote to recognise the Upside Return during the year ended 31 December 2019.

During the year ended 31 December 2019, the Film Production Investor fully settled the outstanding balance. The change in fair value of financial assets at FVTPL was amounting to approximately HKD1,119,000.

#### 14. LOAN AND INTEREST RECEIVABLES

		2020	2019
	<i>Notes</i>	<b><i>HKD'000</i></b>	<i>HKD'000</i>
Current		<b>39,564</b>	302,616
Non-current		<b>298,451</b>	–
		<b>338,015</b>	<b>302,616</b>
Representing:			
From investment in film industry (including interest receivables of approximately HKD1,441,000 (2019: HKD1,639,000))	(i)	<b>5,243</b>	10,706
From money lending business (including interest receivables of approximately HKD7,581,000 (2019: HKD6,187,000))	(ii)	<b>354,482</b>	312,187
Less: Allowance for credit losses		<b>(21,710)</b>	(20,277)
		<b>332,772</b>	291,910
		<b>338,015</b>	<b>302,616</b>

*Notes:*

**(i) From investment in film industry**

In prior years, the Group entered into certain loan agreements to provide loans to the Film Production Investor for film distribution. As at 31 December 2020, one (2019: two) of the loans was still outstanding.

The loans to the Film Production Investor have generated interest income of approximately HKD476,000 during the year (2019: HKD878,000). As at 31 December 2020, the loan receivable and interest receivable due from the Film Production Investor were approximately USD488,000 (equivalent to approximately HKD3,802,000) and USD185,000 (equivalent to approximately HKD1,441,000), respectively (2019: USD1,163,000 (equivalent to approximately HKD9,067,000) and USD210,000 (equivalent to approximately HKD1,639,000)). The loans is unsecured, bears fixed interest rate at 12% (2019: ranging from 8% to 12%) per annum and interest accrued and principal are repayable on the third anniversary (2019: the second or third anniversary) of the date of the agreements or under the demand of the Group.

As at 31 December 2020 and 2019, Mr. Yu Qingrui (“**Mr. Yu**”), a shareholder and an executive director of the Company, agreed to provide guarantee to the Group in respect of the abovementioned loans and related interest.

As at 31 December 2020, the outstanding loan was past due in October 2020 and is still unsettled up to the date of authorised these consolidated financial statements. In the opinion of the directors of the Company, the loan will be either directly settled from the Film Production Investor or the guarantor, Mr. Yu by June 2021.

**(ii) From money lending business**

The loan receivables from 10 (2019: 4) independent borrowers bear fixed interest rates ranging from 5% to 8% (2019: at 8%) per annum and repayable according to the respective loan agreements. During the year ended 31 December 2020, 2 borrowers (2019: Nil) with loan receivables (net of allowance for credit loss) amounted to HKD52,722,000 (2019: Nil) in aggregate provided several properties to the Group as collateral with fair value amounting to approximately RMB38,800,000 (equivalent to HKD44,907,000) (2019: Nil) in aggregate. The loan receivables from the remaining 8 (2019: 4) borrowers with loan receivables (net of allowance for credit loss) amounted to approximately HKD280,050,000 (2019: HKD291,910,000) in aggregate are unsecured.



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

	<b>2020</b> <b>HKD'000</b>	2019 HKD'000
On demand or within 1 year after the end of reporting period	<b>34,321</b>	291,910
More than one year, but not more than two years after the end of reporting period	<b>26,017</b>	–
More than two years, but not more than five years after the end of reporting period	<u><b>272,434</b></u>	<u>–</u>
	<u><b>332,772</b></u>	<u>291,910</u>

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 31 December 2019, the Group has granted an aggregate irrevocable loan facility of HKD270,000,000 to Central Wealth and the total loans advanced to Central Wealth were amounted to HKD215,000,000. These loans are unsecured, bearing fixed interest rate at 8% per annum and repayable under the demand of the Group or no later than 31 December 2020. During the year ended 31 December 2020, the Group and Central Wealth entered into a supplemental agreement, pursuant to which the loan facility would bear interest rate at 7% per annum with effect from 1 January 2021 and the maturity date of the loans amounted to HKD236,000,000 as at 31 December 2020 would be extended to 31 December 2023. Further details of the extension of the loan facility are set out in the Company's announcement dated 7 October 2020 and the Company's circular dated 25 November 2020.

## 15. TRADE, BILLS AND OTHER RECEIVABLES

		2020	2019
	Notes	HKD'000	HKD'000
Trade receivables, gross		43,994	649
Less: Allowance for credit losses		(128)	–
Trade receivables, net	(i)	43,866	649
Bills receivables	(ii)	24,027	–
Deposit, prepayment and other receivables	(iii)	13,900	9,449
		<b>81,793</b>	<b>10,098</b>

Notes:

### (i) Trade receivables

As at 31 December 2020, trade receivables mainly comprise amounts receivable from high technology business and trading business and related services (2019: trading business and related services). No interest was charged on trade receivables.

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:

	2020	2019
	HKD'000	HKD'000
0-30 days	26,913	195
31-90 days	12,665	432
91-180 days	1,696	–
181-360 days	–	22
Over 360 days	2,720	–
Less: Allowance for credit losses	(128)	–
	<b>43,866</b>	<b>649</b>

The following is an ageing analysis of trade receivables, net of credit loss allowances, presented based on the due dates:

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
Not yet past due	336	–
Less than 30 days past due	26,558	195
30 days to 90 days past due	12,656	433
More than 90 days past due	<u>4,316</u>	<u>21</u>
	<u><u>43,866</u></u>	<u><u>649</u></u>

(ii) **Bills receivables**

The Group endorsed certain bill receivables (the “**Endorsed Bills**”) with a carrying amount of approximately HKD23,872,000 (2019: Nil) as at 31 December 2020 to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. However, in the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to the Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills as current assets and the associated trade payables as current liabilities. The aggregate carrying amount of trade payables under the Endorsement amounted to approximately HKD23,872,000 (2019: Nil) as at 31 December 2020 (Note 16).

(iii) **Deposit, prepayment and other receivables**

As at 31 December 2020, the balance mainly comprised consideration receivables amounted to approximately HKD548,000 (2019: Nil) in relation to the disposal of 鉅合 (as defined in Note 20(b)), prepayments for inventories amounting to approximately HKD6,762,000 (2019: HKD4,165,000), rental income receivables in relation to investment properties in the PRC amounting to approximately HKD1,468,000 (2019: HKD827,000) and rental deposits paid amounting to approximately HKD1,100,000 (2019: HKD1,925,000).

## 16. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

		2020	2019
	<i>Notes</i>	<b><i>HKD'000</i></b>	<b><i>HKD'000</i></b>
Trade payables	(i)	47,719	–
Accruals		10,369	3,356
Government loans	(ii)	10,445	–
Rental deposits received		1,575	1,347
Other payables	(iii)	<u>2,885</u>	<u>3,572</u>
		<b><u>72,993</u></b>	<b><u>8,275</u></b>

*Notes:*

### (i) Trade payables

The credit period granted by suppliers of the Group is ranging from 30 to 120 days for the year. The ageing analysis of the trade payables based on invoice date is as follows:

	2020	2019
	<b><i>HKD'000</i></b>	<b><i>HKD'000</i></b>
0-30 days	38,931	–
31-90 days	3,502	–
91-360 days	3,267	–
Over 360 days	<u>2,019</u>	<u>–</u>
	<b><u>47,719</u></b>	<b><u>–</u></b>

The aggregate carrying amount of trade payables under the Endorsement amounted to approximately HKD23,872,000 (2019: Nil) as at 31 December 2020, do not meet the de-recognition requirements in HKFRS 9. The corresponding financial assets are included in trade, bills and other receivables (Note 15).

**(ii) Government loans**

Government loans amounting to approximately RMB8,763,000 (equivalent to approximately HKD10,445,000) (2019: Nil) represented the government loans received by certain PRC subsidiaries of the Company during the year. Those PRC subsidiaries are required to fulfill certain financial and operating conditions for coming 3 years or 10 years since the date of the government loans agreements. If those PRC subsidiaries were able to fulfill those conditions, the government loans will be forgiven by the government at the end of the specified period. These government loans are charged at an interest rate according to the People's Bank of China. As at 31 December 2020, accrued interest of government loans amounting to HKD405,000 (2019: Nil) was included in accruals.

The government loans received were recorded as current liabilities at the end of the reporting period as, in the opinion of the directors of the Company, the government has discretionary right to demand full repayments if any of those conditions are not fulfilled.

At 31 December 2020, one of the government loans received by a PRC subsidiary amounting to approximately HKD9,491,000, is guaranteed by the legal representative of that PRC subsidiary.

**(iii) Other payables**

As at 31 December 2020, other payables included provision for expected credit loss on loan amounted to approximately HKD2,885,000 (2019: HKD3,572,000) in relation to the undrawn loan commitment amounted to approximately HKD41,000,000 (2019: HKD55,000,000) granted to three (2019: one) borrowers.

	<b>2020</b> <b>HKD'000</b>	2019 HKD'000
At 1 January	3,572	6,028
Addition due to new loan commitment granted	1,573	–
Reversal due to utilisation	(2,465)	(3,383)
Change in risk parameter	<u>205</u>	<u>927</u>
At 31 December	<u><u>2,885</u></u>	<u><u>3,572</u></u>

## 17. BANK BORROWINGS

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
Secured bank borrowings	<u><b>305,009</b></u>	<u>312,369</u>
Represented by:		
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)	<b>215,520</b>	223,531
Carrying amount repayable within one year	<u><b>89,489</b></u>	<u>88,838</u>
	<u><b>305,009</b></u>	<u>312,369</u>

Bank borrowings due for repayment, based on the scheduled repayment terms set out in the borrowing agreements and without taking into account the effect of any repayment on demand clause are as follows:

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
Within one year	<b>89,489</b>	88,838
More than one year, but within two years	<b>9,849</b>	9,130
More than two years, but within five years	<b>30,797</b>	28,941
More than five years	<u><b>174,874</b></u>	<u>185,460</u>
	<u><b>305,009</b></u>	<u>312,369</u>

The bank borrowings bear interest at the bank's HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) or 2.5% per annum over HIBOR (1 week to 1 month) at 31 December 2020 (2019: the bank's HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) or 2.5% per annum over HIBOR (1 week to 1 month)). The weighted average effective interest rates per annum on the bank borrowings are as follows:

	2020	2019
Secured bank borrowings	<u><b>2.57% – 3.15%</b></u>	<u>2.85% – 3.81%</u>

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

## 18. OTHER BORROWINGS

	Notes	2020 HKD'000	2019 HKD'000
Other borrowings due to:			
Securities Broker A	(i)	18,310	32,291
Securities Broker B	(ii)	90,493	105,864
Securities Broker C	(iii)	34,906	34,906
		<u>143,709</u>	<u>173,061</u>

Notes:

### (i) Securities Broker A

Golden Horse Hong Kong Investment Limited (“**Golden Horse**”), a wholly-owned subsidiary of the Group, entered into a margin loan account client agreement and certain amendment and restatement deeds (collectively, the “**Margin Loan Agreements A**”) in prior years and during the year with Securities Broker A, an independent securities broker.

As at 31 December 2020, pursuant to the Margin Loan Agreements A, Securities Broker A provided a margin loan facility to the Group up to HKD60,000,000 (2019: HKD120,000,000) at an interest rate of 9.5% (2019: 9.5%) per annum payable in arrears.

At 31 December 2020, the Group has utilised approximately HKD18,310,000 (2019: HKD32,291,000) from the margin loan facility granted by Securities Broker A.

### (ii) Securities Broker B

On 26 March 2018, Golden Horse entered into a margin loan account client agreement (the “**Margin Loan Agreement B**”) with Securities Broker B, an independent securities broker. Pursuant to the Margin Loan Agreement B, Securities Broker B provided a margin loan facility to the Group up to HKD125,000,000 (2019: HKD125,000,000). At 31 December 2020, the Group has utilised approximately HKD90,493,000 (2019: HKD105,864,000) of the margin loan facility granted by Securities Broker B at an interest rate of 9% (2019: 9%) per annum.

(iii) **Securities Broker C**

On 8 June 2018, Golden Horse entered into a revolving loan account client agreement (the “**Revolving Loan Agreement**”) with Securities Broker C, an independent authorised financial institution. Pursuant to the Revolving Loan Agreement, Securities Broker C provided a revolving loan facility to the Group up to HKD35,000,000 at an interest rate of HKD Prime Rate – 2% per annum. At 31 December 2020, the Group has utilised approximately HKD34,906,000 (2019: HKD34,906,000) of the margin loan facility granted by Securities Broker C.

(iv) **Central Wealth Securities Investment Limited (the “CWSI”)**

In 2018, the Company entered into certain services agreements with CWSI, a subsidiary of Central Wealth (the “**Margin Financier**”). Pursuant to the services agreements, the Margin Financier provided a margin loan facility to the Group with daily maximum amounts not exceeding HKD100,000,000 and margin loan interest not exceeding HKD8,000,000 per annum. The other borrowings due to the Margin Financier would be repayable on demand and may be varied or terminated in the absolute discretion of the Margin Financier. At 31 December 2019, such facility has not been utilised. During the year ended 31 December 2020, such facility has been expired.

The Group’s other borrowings are secured by the following assets:

		2020	2019
	Notes	HKD’000	HKD’000
Investment properties		283,000	285,000
Financial assets at FVTOCI	12	209,397	270,627
Financial assets at FVTPL	13	-	26,350

Other borrowings due for repayment, based on the scheduled repayment terms set out in the agreements and without taking into account the effect of any repayment on default clause are as follows:

	2020	2019
	HKD’000	HKD’000
Within one year or on demand	143,709	173,061

Partial of the other borrowings amounting to approximately HKD108,803,000 (2019: HKD138,155,000) are subject to the fulfilment of covenants, but certain covenants have not been fulfilled. The directors of the Company do not consider that it is probable that the securities brokers will exercise their discretion to demand immediate repayment. The directors of the Company believe that such other borrowings will be repaid in accordance with the scheduled repayment dates as determined by the agreements.



## 19. ACQUISITION OF SUBSIDIARIES

(a) **Acquisition of 揚州哈工漫威機器人有限公司 (now known as 江蘇未來哈工漫威機器人有限公司) (“揚州哈工漫威”)**

In February 2020, 深圳未來機器人有限公司 (“深圳未來機器人”), a wholly-owned subsidiary of the Company, entered into certain sale and purchase agreements with certain independent third parties, pursuant to which 深圳未來機器人 agreed to acquire the 55% equity interest of 揚州哈工漫威 at an aggregate cash consideration of RMB2,600 (equivalent to approximately HKD3,000). The acquisition was completed on 17 March 2020. 揚州哈工漫威 is principally engaged in the trading of robotics products in the PRC. The acquisition provided a platform for the Group to expand, explore and capitalise in the new market of high technology business in the PRC.

Recognised amounts of identifiable assets acquired and liabilities assumed at 17 March 2020, the date of acquisition, were as follows:

	<i>HKD'000</i>
Inventories	184
Trade and other receivables and prepayments ( <i>Note (i)</i> )	5,786
Cash and bank balances	31
Trade payables	(2,262)
Accruals and other payables	(3,683)
	<hr/>
Total identifiable net assets	56
Non-controlling interests ( <i>Note (ii)</i> )	(25)
Gain from a bargain purchase	(28)
	<hr/>
Total consideration	3
	<hr/> <hr/>
Total consideration satisfied by:	
Cash	3
	<hr/> <hr/>
Acquisition-related costs (included in administrative expenses)	33
	<hr/> <hr/>
Cashflow movement in relation to acquisition during the year ended 31 December 2020:	
Cash consideration paid	(3)
Cash at bank acquired	31
	<hr/>
Net cash inflow on acquisition	28
	<hr/> <hr/>

*Notes:*

- (i) The gross contractual undiscounted balances amounted to approximately HKD4,240,000, which the fair values of these trade and other receivables at the acquisition date were estimated to be approximately HKD4,240,000. Trade and other receivables are due from various group of debtors and the directors of the Company consider the credit risk of these parties is low. The remaining balance included in trade and other receivables and prepayments, represents prepayments of approximately HKD1,546,000.
  - (ii) The non-controlling interests of 45% in 揚州哈工漫威 recognised at the acquisition date were measured at the non-controlling interests' proportionate share of the identifiable net assets of 揚州哈工漫威 at the acquisition date.
- (b) **Acquisition of 合肥哈工威達智能裝備有限公司 (“哈工威達智能裝備”, together with its non-wholly-owned subsidiaries, “哈工威達智能裝備 Group”)**

In March 2020, 深圳未來機器人 entered into certain sale and purchase agreements with certain independent third parties, pursuant to which the Group agreed to acquire the entire equity interest of 哈工威達智能裝備 at an aggregate cash consideration of RMB428,008 (equivalent to approximately HKD470,000). The acquisition was completed on 15 April 2020. 哈工威達智能裝備 Group is principally engaged in the production of robotics products in the PRC. The acquisition provided a platform for the Group to expand, explore and capitalise in the new market of high technology business in the PRC.

Recognised amounts of identifiable assets acquired and liabilities assumed at 15 April 2020, the date of acquisition, were as follows:

	<b>HKD'000</b>
Trade and other receivables and prepayments ( <i>Note (i)</i> )	7,656
Bills receivables ( <i>Note (i)</i> )	5,967
Cash and bank balances	5,376
Accruals and other payables	<u>(18,432)</u>
 Total identifiable net assets	 567
Non-controlling interests ( <i>Note (ii)</i> )	(88)
Gain from a bargain purchase	<u>(9)</u>
 Total consideration	 <u><u>470</u></u>
 Total consideration satisfied by:	
Cash	<u><u>470</u></u>
 Acquisition-related costs (included in administrative expenses)	 <u><u>21</u></u>
 Cashflow movement in relation to acquisition during the year ended 31 December 2020:	
 Cash consideration paid	(470)
Cash at bank acquired	<u>5,376</u>
 Net cash inflow on acquisition	 <u><u>4,906</u></u>

*Notes:*

- (i) The gross contractual undiscounted balances amounted to approximately HKD8,002,000, of which balances of approximately HKD2,035,000 and approximately HKD5,967,000 are trade and other receivables and bills receivables, respectively. The fair values of these trade and other receivables and bills receivables at the acquisition date were estimated to be approximately HKD8,002,000. Trade and other receivables and bills receivables are due from various group of debtors and the directors of the Company consider the credit risk of these parties is low. The remaining balance included in trade and other receivables and prepayments, represents prepayments of approximately HKD5,621,000.
- (ii) The non-controlling interests of non-wholly-owned subsidiaries of 哈工威達智能裝備 were recognised at the acquisition date, which were measured at the non-controlling interests' proportionate share of the identifiable net assets of those non-wholly-owned subsidiaries of 哈工威達智能裝備 at the acquisition date.

## 20. DISPOSAL OF SUBSIDIARIES

### (a) Disposal of Future Finet Limited ("Future Finet")

On 9 September 2016, Future Finet was incorporated and its one ordinary share was allotted to the Company at HKD1. On 1 March 2020, further 99 shares were allotted to the Company. On 16 March 2020, the Company entered into a sale and purchase agreement with an independent third party, pursuant to which the Group agreed to dispose of its 49% equity interest in Future Finet at a cash consideration of HKD49 at that time when the directors of the Company considered the amount of net asset value of Future Finet approximated to its entire share capital.

Future Finet commenced its mask production business in April 2020. However, having considered the reduction in demand and needs of masks in Hong Kong in late April 2020, the Group decided to cease its own local mask production in order to control costs. On 14 May 2020, the Company entered into a sale and purchase agreement with an independent third party (the "Buyer"), pursuant to which the Group agreed to dispose of its 51% equity interest in Future Finet and assign the amount due from Future Finet to the Buyer at a total consideration of HKD7,000,000. The disposal of its 51% equity interest in Future Finet was completed on 14 May 2020. Immediate after the disposal, the Group has no equity interest in Future Finet and Future Finet ceased to be a subsidiary of the Company.

The breakdown of assets/(liabilities) of Future Finet as at 14 May 2020, the date of disposal, and the consideration of disposal is as follow:

	<i>HKD'000</i>
Property, plant and equipment	10,590
Inventories	407
Trade and other receivables	5,495
Cash and bank balances	6
Trade payables	(2,000)
Accruals and other payables	(8,887)
Amount due to ultimate holding company	(6,942)
	<hr/>
Net liabilities of Future Finet disposed of	(1,331)
Non-controlling interests	634
Gain on disposal of a subsidiary	755
Assignment of amount due from a subsidiary to the Buyer	6,942
	<hr/>
Total consideration to be satisfied by cash	<u>7,000</u>

Cashflow movement in relation to the disposal during the year ended 31 December 2020

**HKD'000**

Cash consideration received	7,000
Cash at bank disposed of	(6)
	<hr/>
Net cash inflow arising on disposal of a subsidiary	6,994
	<hr/> <hr/>

**(b) Disposal of 鉅合 (杭州) 諮詢管理有限公司 (“鉅合”)**

In April 2020, 深圳未來機器人 entered into certain sale and purchase agreements with certain independent third parties, pursuant to which the Group agreed to dispose of its 51% equity interest in 鉅合 (representing the entire equity interest in 鉅合 held by the Group) with an aggregate cash consideration of RMB500,001 (equivalent to approximately HKD548,000). The disposal was completed on 21 April 2020.

The breakdown of assets/(liabilities) of 鉅合 as at, 21 April 2020, the completion date of disposal, and the consideration of disposal is as follow:

**HKD'000**

Property, plant and equipment	35
Trade and other receivables	144
Cash and bank balances	521
Accruals and other payables	(395)
	<hr/>
Net assets of 鉅合 disposal of	305
Non-controlling interests ( <i>Note i</i> )	25
Gain on disposal of a subsidiary	218
	<hr/>
Total consideration to be satisfied by cash ( <i>Note ii</i> )	548
	<hr/> <hr/>

Cashflow movement in relation to the disposal during the year ended  
31 December 2020:

Cash at bank disposed of	(521)
	<hr/>
Net cash outflow arising on disposal of subsidiary	(521)
	<hr/> <hr/>

*Notes:*

- (i) The Group and the non-controlling shareholder agreed to contribute RMB510,000 (equivalent to approximately HKD559,000) and RMB490,000 (equivalent to approximately HKD537,000) in 鉅合 on its date of incorporation. Up to the completion date of disposal, the share capital of 鉅合 was contributed by the Group and the non-controlling shareholder amounted to RMB500,000 (equivalent to approximately HKD547,000) and RMB167,000 (equivalent to approximately HKD183,000) respectively, and the accumulated loss shared to the Group and the non-controlling shareholder amounted to approximately RMB198,000 (equivalent to approximately HKD217,000) and approximately RMB190,000 (equivalent to approximately HKD208,000) respectively.

The balance of non-controlling interest of approximately HKD25,000, representing the paid-up capital by and accumulated loss shared to the non-controlling shareholder.

- (ii) The consideration amounted to approximately HKD548,000 was included in other receivable as disclosed in Note 15.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL RESULTS**

The Group's revenue for the year ended 31 December 2020 has increased to HKD234,659,000, which is 190% higher compared with the revenue of approximately HKD80,916,000 for the year ended 31 December 2019. 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 40. The Group recorded a net loss of approximately HKD38,003,000 attributable to shareholders of the Company for the year ended 31 December 2020 (2019: net loss of HKD53,991,000) and basic loss per share of HK5.08 cents (2019: basic loss per share of HK8.76 cents) for the year ended 31 December 2020. The decrease in net loss was mainly attributable to net effect of (i) the Group recorded a profit of approximately HKD21,823,000 from the segment of high technology business (2019: Nil); (ii) decrease in fair value loss of investment properties of approximately HKD24,665,000; (iii) provision for credit loss allowances on loan and interest receivables of approximately HKD1,433,000 (2019: reversal of credit loss allowances of approximately HKD6,740,000); and (iv) realised loss on investments at fair value through profit or loss of approximately HKD13,067,000 and there was no such item in last year.

### **BUSINESS REVIEW**

Since January 2020, the outbreak of the novel coronavirus (COVID-19) pandemic had severely impacted the global business environment. Nevertheless, 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 postponement of the electric motorcycle business. 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 Group.

## **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. The strong technical backing of engineering teams enabled us to ensure our products consistently meet the most stringent quality requirements of our customers during the year. In addition to identifying room for improvement in management, the Group will also keep up research and development efforts to make sure it is well equipped in developing new products and in identifying business opportunities. During the year, the Group registered number of intellectual property rights in relation to the high technology business. The success of the Group's high technology business was unquestionably the result of its dedicated devotion in research and development.

During the year ended 31 December 2020, the revenue of approximately HKD180,358,000 was generated (2019: Nil) and a profit of approximately HKD21,823,000 (2019: Nil) was recorded for the segment of high technology business. The revenue in high technology business was contributed by intelligent industrial welding robots and equipment business and artificial intelligence products and application solutions business. 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 with self-development system.

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 continuously 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) 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 year ended 31 December 2020, the Group recorded rental income of HKD12,488,000 (2019: HKD3,340,000) and fair value loss of HKD3,125,000 (2019: fair value loss of HKD27,790,000) arising from change in fair value of investment properties from the property investment segment.

The Group will continue to look for opportunity to expand and optimise its investment property portfolio with an aim to generate stable rental income and/or for capital appreciation.

## **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 year, the Group’s securities trading portfolio comprised of equity securities of CMBC Capital Holdings Limited (“**CMBC Capital**”, stock code: 1141), Central Wealth Group Holdings Limited (“**Central Wealth**”, stock code: 139), Huasheng International Holding Limited (“**Huasheng International**”, stock code: 1323), Dongwu Cement International Limited (“**Dongwu Cement**”, stock code: 695), Hong Kong Exchanges and Clearing Limited (“**HKEx**”, stock code: 388) and Tencent Holdings Limited (“**Tencent**”, stock code: 700) 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 investments in order to realise its investments and to allow the Group to reallocate its resources to areas with better potential. As a whole, the securities trading and investment segment recorded a loss of approximately HKD24,472,000 during the year ended 31 December 2020 (2019: HKD14,411,000). The loss was mainly due to financial costs of approximately HKD14,402,000 during the year ended 31 December 2020 (2019: HKD19,698,000) and net realised loss from securities trading and investment of approximately HKD13,067,000 during the year ended 31 December 2020 (2019: Nil). The Group recorded HKD5,198,000 dividend income (2019: HKD4,061,000) and an unrealised gain of securities investments under FVTPL of approximately HKD148,000 (2019: HKD4,133,000). For the securities under FVTOCI, the Group recorded a fair value loss of approximately HKD35,859,000 during the year ended 31 December 2020 (2019: HKD372,831,000) through other comprehensive income.

As at 31 December 2020, details of the securities investments held are as follows:

Name of the investees	Number of shares held	Percentage of equity interests as at 31.12.2020	Original cost of the interest as at 31.12.2020 HKD'000	Market value of the interests as at 31.12.2020 HKD'000	Fair value gain/(loss) for the year HKD'000	Release of fair value reserve/Realised gain/(loss) for the year HKD'000
<b>FVTOCI</b>						
CMBC Capital (Stock code: 1141)	1,480,600,000	3.109%	489,805	198,401	(17,965)	(110,043)
Central Wealth (Stock code: 139)	907,605,316	5.683%	82,758	18,152	(18,378)	(105)
Huasheng International (Stock code: 1323)	4,400,000	0.126%	3,080	3,564	484	-
Dongwu Cement (Stock code: 695)	-	-	-	-	-	352
Total			<u>575,643</u>	<u>220,117</u>	<u>(35,859)</u>	<u>(109,796)</u>
<b>FVTPL</b>						
Central Wealth	-	-	-	-	-	(13,074)
CMBC Capital	8,500,000	0.02%	1,020	1,139	119	-
HKEx (Stock code: 388)	600	0.00%	226	255	29	(7)
Tencent (Stock code: 700)	-	0.00%	-	-	-	14
Total			<u>1,246</u>	<u>1,394</u>	<u>148</u>	<u>(13,067)</u>
Grand-Total			<u>576,889</u>	<u>221,511</u>	<u>(35,711)</u>	<u>(122,863)</u>

As at 31 December 2020, the Group held securities investment portfolio with market value of approximately HKD221,511,000 (31 December 2019: HKD296,977,000). Except for the investment in CMBC Capital, at 31 December 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 Capital***

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 31 December 2019.

As mentioned in its annual result announcement for the year ended 31 December 2020, the CMBC Capital Group has recorded net profit amounted to approximately HKD393 million, representing an increase of approximately 10.2% when compared to the year ended 31 December 2019 of HKD357 million. The CMBC Capital Group’s basic and diluted earnings per share were both HK0.83 cents (2019: both HK0.75 cents). Revenue has increased by approximately 4.1% to approximately HKD1,019 million for the year ended 31 December 2020, compared to approximately HKD979 million for the year ended 31 December 2019.

CMBC Capital closed at HKD0.134 as at 31 December 2020 (31 December 2019: HKD0.143).

### ***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 result announcement for the year ended 31 December 2020, the net profit for the period was approximately HKD28 million as compared to approximately HKD208 million for the year ended 31 December 2019. Basic earnings per share attributable to ordinary equity holders of the parent for the year was approximately HKD0.18 cent (2019: HKD1.42 cent). The Central Wealth Group recorded a revenue of approximately HKD670 million for the year ended 31 December 2020, compared to a revenue of approximately HKD948 million for the year ended 31 December 2019.

Central Wealth closed at HKD0.020 as at 31 December 2020 (31 December 2019: HKD0.051).

## *Huasheng International*

Huasheng International and its subsidiaries (the “**Huasheng International Group**”) are principally engaged in (i) production and sales of ready-mixed commercial concrete (“**Concrete Business**”); (ii) wholesale and retail of household consumables (“**Household Consumables Business**”); (iii) provision of money lending services (“**Money Lending Business**”); and (iv) provision of educational technology solutions through online education programs and provision of English language proficiency tests (“**Education Business**”). The Huasheng International Group was also engaged in (i) design and development of three-dimensional animations, augmented reality technology application and e-learning web application (“**Digital Technology Business**”); and (ii) provision of coal trading business (“**Coal Business**”), which were disposed of and classified as discontinued operations.

As mentioned in Huasheng International’s interim report for the six months ended 30 September 2020, its net profit for the period was approximately HKD9.5 million as compared to approximately HKD13.5 million for the six months ended 30 September 2019. Basic earnings per share for the period was approximately HKD0.288 cents (30 September 2019: HKD0.541 cents).

Huasheng International closed at HKD0.810 as at 31 December 2020. (31 December 2019: HKD0.53).

## *Dongwu Cement*

Dongwu Cement and its subsidiaries (the “**Dongwu Cement Group**”) was principally engaged in the production and sales of cement, and provision of sewage and sludge treatment operation and construction services.

As mentioned in Dongwu Cement’s annual result announcement for the year ended 31 December 2020, the profit for the year was approximately RMB50,236,000, representing decrease of approximately 17.2% when compared to the year ended 31 December 2019. Dongwu Cement’s basic and diluted earnings per share was RMB0.091 (2019: RMB0.121). The Dongwu Cement Group recorded a revenue of approximately RMB460,970,000 for the year ended 31 December 2020, compared to a revenue of approximately RMB571,150,000 for the year ended 31 December 2019

As at 31 December 2020, the Group did not hold any Dongwu Cement Shares.

## *HKEx*

HKEx together with its subsidiaries (the “**HKEx Group**”) own and operate the only stock and futures markets in Hong Kong and clearing houses. It was mentioned in HKEx’s annual report for the year ended 31 December 2020, the HKEx Group’s total revenue and other income amounted to HKD16.8 billion (2019: HKD13.6 billion) and the profit attributable to shareholders was HKD11.5 billion (2019: HKD9.4 billion) for the year ended 31 December 2020, up 24% and 23% respectively as compared to 2019. The HKEx Group’s basic earnings per share was HKD9.11 (2019: HKD7.49) and diluted earnings per share was HKD9.09 (2019: HKD7.47).

HKEx closed at HKD425.00 as at 31 December 2020 (31 December 2019: HKD253.00).

## *Tencent*

Tencent and its subsidiaries (the “**Tencent Group**”) are principally engaged in the provision of value-added services and online advertising services to users in the People’s Republic of China (“**PRC**”). Its many services include social network, web portals, e-commerce, online/mobile games and provision of payment related services and other services. Tencent is one of the largest internet companies, as well as gaming company in the world. As mentioned in its annual results announcement for the year ended 31 December 2020, the Tencent Group recorded a revenue of approximately RMB482,064 million for the year (2019: RMB377,289 million). The profit attributable to its equity holders for the year ended 31 December 2020 was approximately RMB159,847 million (2019: RMB93,310 million). Basic and diluted earnings per Tencent share for the year ended 31 December 2020 were approximately RMB16.844 (2019: RMB9.856) and approximately RMB16.523 (2019: RMB9.643) respectively.

As at 31 December 2020, the Group did not hold any Tencent Shares.

### **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 year ended 31 December 2020, Globally Finance generated revenue of approximately HKD22,985,000 (2019: HKD28,174,000) and recorded a profit of approximately HKD21,684,000 (2019: HKD32,726,000). During the year ended 31 December 2020, the Group assessed and estimated credit loss allowances for loan and interest receivables under HKFRS 9 requirement. Based on the result of credit assessment on debtors, the credit loss allowances as at 31 December 2020 was approximately HKD21,710,000 (2019: HKD20,277,000), and a provision for credit loss allowances for debtors of approximately HKD1,433,000 was charged to consolidated profit or loss for the year ended 31 December 2020 (2019: credited of HKD6,740,000).

### **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 31.12.2020 (as at 31.12.2019) HKD	Category
11.10.2017	Two Days 《兩天》	USD487,500	12%	Nil	5,243,000 (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 year ended 31 December 2020, China Wisdom recorded interest income of approximately HKD476,000 (2019: HKD1,329,000) and a loss of approximately HKD185,000 (2019: profit of approximately HKD1,128,000) from the segment of investment in film industry. The decrease in revenue and profit was due to the amount of loan from film investment decreased during the year.

### **Trading business and related services**

Trading business and related services include intelligent robots trading business, face mask, COVID-19 test kits business and anime product.

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. In addition, Sky Faith International Investment Limited, a wholly-owned subsidiary of the Company has been, on an exclusive basis, authorised and appointed as the Hong Kong Exclusive Authorisation Distributor (excluding Mainland China) of Wenzhou OJA Biotechnology Co., Ltd. (also known as OJABIO) for (1) COVID-19 Antigen Test Kits; and (2) Real-time PCR Test Kits for COVID-19 (together as the “**Test Kits**”) for a term of three years from 25 November 2020. The Test Kits are effective and efficient detection kits for qualitative determination of the presence of the COVID-19 in human body and can provide affordable “early diagnosis” solution for the society. Relevant certifications have also been obtained for the Test Kits. During the year ended 31 December 2020, the mask and Test Kits 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 HKD3,984,000 was generated (2019: Nil) and a profit before tax of approximately HKD1,037,000 (2019: Nil) was recorded during the year ended 31 December 2020.

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. The revenue of approximately HKD8,223,000 was generated during the year ended 31 December 2020.

In order to diversify the trading product, the Group developed well-known anime product. The product covered home and automobile related products. The revenue for anime products of approximately HKD947,000 was generated during the year ended 31 December 2020.

During the year ended 31 December 2020, revenue of approximately HKD13,154,000 was generated (2019: HKD44,012,000) and a loss of approximately HKD7,475,000 (2019: HKD8,709,000) 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 year ended 31 December 2020, no revenue (2019: Nil) was generated and no profit or loss was incurred (2019: loss of HKD646,000) for the segment of e-commerce business. The Group will continue to look for any potential opportunity in the e-commerce business.

## **PROSPECTS AND OUTLOOK**

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 year ended 31 December 2020, the revenue from high technology business accounted for 77% of the Group's total revenue and recorded a segment profit of approximately HKD21,823,000. 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 and new energy transportation.

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 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 Group Holdings Limited 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 Future World Securities Investment Limited (formerly known as Oriental Power Securities Investment Limited) (“**FW Securities**”) during the year. FW Securities aims at providing broader and more diversified services to customers. FW Securities targets to provide securities dealing and advising securities services to its customers. FW Securities will provide broker-dealer services covering the stocks and investment-linked instruments listed in the Stock Exchange. FW Securities 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. FW Securities will charge placing or underwriting commission at a rate determined by negotiation with clients which is generally in line with market practice.

## **FINANCIAL REVIEW**

### **Liquidity, financial resources and funding**

During the year ended 31 December 2020, the Group mainly financed its operations by cash generated from operation, rights issue and bank borrowings. The Group had total pledged bank deposits and cash and bank balances of approximately HKD12,491,000 as at 31 December 2020 (2019: HKD12,396,000). The Group had total borrowings of approximately HKD448,718,000 (2019: HKD485,430,000) comprised with bank borrowings of approximately HKD305,009,000 (2019: HKD312,369,000) and other borrowings of approximately HKD143,709,000 (2019: HKD173,061,000) as at 31 December 2020.

Among bank borrowings, approximately HKD89,489,000 are repayable within one year, HKD9,849,000 are repayable over one year but not exceeding two years, HKD30,797,000 are repayable over two years but not exceeding five years and HKD174,874,000 are repayable over five years. The bank borrowings bear interest at the bank’s HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) or 2.5% per annum over HIBOR (1 week to 1 month).

The other borrowings comprised of margin loans and revolving loan. The margin loan payables bear fixed interest ranging from 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 18 to the consolidated financial statements.

The gearing ratio, which is calculated as total borrowings divided by total equity, was 47.1% (2019: 51.96%). Net assets were approximately HKD953,233,000 (2019: HKD934,195,000).

As at 31 December 2020, the Group has total current assets of approximately HKD154,417,000 (2019: HKD355,242,000) and total current liabilities of approximately HKD533,162,000 (2019: HKD500,770,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 0.29 as at 31 December 2020 (2019: 0.71). The decrease in current assets and current ratio was mainly due to the Group and Central Wealth entered into a supplemental loan agreement during the year ended 31 December 2020, pursuant to which Group has granted an aggregate irrevocable loan facility of HKD270,000,000 to Central Wealth with effect from 1 January 2021 and the maturity date of these loans would be extended to 31 December 2023, and the loan receivable was reclassified as non-current assets. Further details of the extension of the loan facility are set out in the Company's announcement dated 7 October 2020 and the Company's circular dated 25 November 2020.

The Group's finance costs for the year was approximately HKD21,132,000 (2019: HKD26,856,000) and was mainly related to interests paid on the bank borrowings and margin loans. The decrease in finance cost was due to the total borrowings decrease during the year.

### **Pledge of assets**

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

As at 31 December 2020, the Group had pledged an investment property with carrying amount of HKD283,000,000 (2019: HKD285,000,000) and the securities investment under FVTOCI of approximately HKD209,397,000 (2019: pledged the securities investment under FVTOCI of approximately HKD270,627,000 and the securities investment under FVTPL of approximately HKD26,350,000) to secure the other borrowings.

As at 31 December 2020, a bank deposit in amount of EUR35,000 (2019: EUR160,000) in equivalent to HKD336,000 (2019: HKD1,410,000), has been pledged to a bank for the issuance of a letter of guarantee for trading business.

## **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.

## **Litigations and contingencies**

As at 31 December 2020, the Group had no significant litigations and contingencies.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2020, the Group had 66 employees situated in Hong Kong and China (2019: 35 employees situated in Hong Kong). The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the year ended 31 December 2020, the total staff costs including remuneration of directors and chief executive amounted to approximately HKD30,993,000 (2019: HKD15,605,000).

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year (2019: Nil).

## **CAPITAL STRUCTURE**

The share capital of the Company only comprises of ordinary shares. As at the date of this announcement, the Company had 945,321,858 Shares in issue.

### **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.

## **Placing of new shares under general mandate**

On 18 March 2020, the Company, entered into a placing agreement under the general mandate (the “**Placing Agreement**”) with the placing agent (the “**Placing Agent**”), pursuant to which the Company conditionally agreed to place through the Placing Agent, on a best effort basis, up to 2,490,000,000 new shares (the “**Placing Shares**”) of the Company with an aggregate nominal value of HKD2,490,000 to independent third parties at a price of HKD0.014 per Placing Share (collectively, the “**Placing**”). The 2,490,000,000 Placing Shares under the Placing will be issued under the general mandate which was granted to the directors at the annual general meeting of the Company held on 16 July 2019.

On 31 March 2020, the Company entered into a supplemental agreement to the Placing Agreement (the “**Supplemental Placing Agreement**”), pursuant to which the Placing Agent and the Company agree that (1) the placing price shall be revised from HKD0.0140 per Placing Share to HKD0.0230 per Placing Share; and (2) the long stop date shall be extended from 8 April 2020 to 21 April 2020.

The placing price of HKD0.0230 per Placing Share represents (i) a premium of approximately 43.75% to the closing price of HKD0.0160 per share as at the date of the Placing Agreement; (ii) a discount of approximately 17.86% to the closing price of HKD0.0280 per share as at the date of the Supplemental Placing Agreement; and (iii) a discount of approximately 17.27% to the average closing price of HKD0.0278 per share for the five consecutive trading days immediately prior to the date of the Supplemental Placing Agreement.

The Placing Shares under the Placing represent (i) approximately 19.95% of the existing issued share capital of the Company as at the date of Placing Agreement; and (ii) approximately 16.63% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

It is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HKD57.27 million and HKD54.4 million respectively. On such basis, the net issue price will be approximately HKD0.0219 per Placing Share. The net proceeds from the Placing are intended to be used for as to approximately HKD5 million for development of its existing trading business, as to approximately HKD10 million for money lending business development of the Group, as to approximately HKD5 million for repayment of loan and interest, as to approximately HKD20 million for development of the mask business and as to the remaining balance for general working capital of the Group including staff salary and rental expenses. Further details of the Placing were set out in the announcements of the Company dated 18 March 2020 and 31 March 2020.

On 24 April 2020, the Placing Agreement has been terminated pursuant to a deed of termination entered into between the Company and the Placing Agent in view of, among other things, the market conditions. Further details of the termination of Placing were set out in the announcement of the Company dated 24 April 2020.

### **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 HKD51 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 HKD12 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, of which approximately HKD10.6 million for payment of operating expenses; and approximately HKD2.4 million for payment of professional fees. The Company had fully utilised the net proceeds to as intended.

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.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

### **EVENTS AFTER THE END OF REPORTING PERIOD**

The Group had no material events after the end of reporting period.



## SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited ("**Moore**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore on the preliminary announcement.

## AUDIT COMMITTEE

The Audit Committee of the Company has met the external auditor of the Company, Moore, and reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020.

## CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code (the "**CG Code**") during the year ended 31 December 2020 as set out in Appendix 14 of the Listing Rules except for the following deviations:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer ("**CEO**") should be separate people and should not be performed by the same individual. Following the resignation as chairman of Mr. Wang Fei, Mr. Liang Jian has been appointed as the chairman of the Company with effect from 1 July 2020. The roles of the chairman and the CEO of the Company are not separate and both are performed by Mr. Liang Jian from 1 July 2020. The Board considers that this structure will not impair the balance of the power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management, who are in charge of different functions complement the roles of chairman and CEO. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently. The Board understands the importance of complying with the code provision A.2.1 of the Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate person will be nominated to take up the different roles of chairman and CEO.

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. The Independent Non-executive Directors are 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 since their appointment as a Director during the year ended 31 December 2020.

## **PUBLICATION OF INFORMATION ON WEBSITES**

This results announcement is available for viewing on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.fw-holdings.com](http://www.fw-holdings.com). The annual report of the Company for year ended 31 December 2020 containing the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company in due course.

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

Hong Kong, 30 March 2021

*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.*