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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 2022

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 2022 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HKD’000</i>	2021 <i>HKD’000</i>
Net realised gain/(loss) from securities trading and investment	4	<u>33</u>	<u>(4,110)</u>
Revenue	4	47,137	85,991
Cost of sales		<u>(18,620)</u>	<u>(51,595)</u>

		2022	2021
	<i>Notes</i>	<i>HKD'000</i>	<i>HKD'000</i>
Gross profit		28,517	34,396
Other income and gains	6	1,091	559
Selling and distribution costs		(530)	(1,100)
Administrative expenses		(31,686)	(35,999)
Provision for credit loss allowances on trade receivables, net		(6,197)	(2,997)
Provision for credit loss allowances on other receivables		(11,886)	(189)
(Provision for)/reversal of credit loss allowances on loan and interest receivables, net		(9,987)	206
(Provision for)/reversal of expected credit loss on loan commitment, net		(3,763)	136
Change in fair value of investment properties		(12,860)	16,368
Change in fair value of financial assets at fair value through profit or loss		47,130	213
Provision for expected credit loss on investment in corporate bond		(4,990)	–
Impairment loss on property, plant and equipment		–	(1,068)
Impairment loss on right-of-use assets		–	(5,488)
Share of loss of an associate		(45)	(4)
Loss on early redemption of promissory note		–	(156)
Share-based payment expenses		(848)	(2,823)
Gain on disposal of subsidiaries		137	264
		<hr/>	<hr/>
Operating loss		(5,884)	(1,792)
Finance costs	7	(14,301)	(17,005)
		<hr/>	<hr/>
Loss before income tax	8	(20,185)	(18,797)
Income tax credit	9	4,580	42
		<hr/>	<hr/>
Loss for the year		(15,605)	(18,755)

		2022	2021
	<i>Notes</i>	<i>HKD'000</i>	<i>HKD'000</i>
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		(13,332)	5,229
Release of exchange reserve upon disposals of subsidiaries		(65)	21
<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	<u>(4,128)</u>	<u>(45,207)</u>
Other comprehensive loss for the year, net of income tax		<u>(17,525)</u>	<u>(39,957)</u>
Total comprehensive loss for the year		<u>(33,130)</u>	<u>(58,712)</u>
Loss for the year attributable to:			
Owners of the Company		(7,021)	(7,637)
Non-controlling interests		<u>(8,584)</u>	<u>(11,118)</u>
		<u>(15,605)</u>	<u>(18,755)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(24,944)	(48,083)
Non-controlling interests		<u>(8,186)</u>	<u>(10,629)</u>
		<u>(33,130)</u>	<u>(58,712)</u>
Loss per share attributable to the owners of the Company			
– Basic and diluted	11	<u>HKD(0.08)</u>	(Restated) <u>HKD(0.18)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Non-current assets			
Property, plant and equipment		2,353	2,130
Right-of-use assets		3,755	472
Investment properties		840,454	865,687
Interest in an associate		–	56
Financial assets at fair value through other comprehensive income	<i>12</i>	66,197	97,308
Investment in corporate bond	<i>13</i>	15,010	–
Loan receivables	<i>15</i>	30,758	300,512
Deferred tax assets		8,237	4,792
Rental deposit	<i>16</i>	1,485	–
		968,249	1,270,957
Current assets			
Inventories		7,566	13,586
Loan and interest receivables	<i>15</i>	169,704	31,733
Financial assets at fair value through profit or loss	<i>14</i>	120,033	6,798
Trade, bills and other receivables	<i>16</i>	67,945	41,469
Contract assets		31	4,672
Cash and bank balances		38,983	12,077
		404,262	110,335
Current liabilities			
Trade payables, accruals and other payables	<i>17</i>	52,018	43,793
Contract liabilities		3,868	7,171
Lease liabilities		3,830	1,810
Bank borrowings	<i>18</i>	285,914	299,236
Other borrowings	<i>19</i>	86,669	108,970
Tax payables		979	717
		433,278	461,697

	<i>Note</i>	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Net current liabilities		<u>(29,016)</u>	<u>(351,362)</u>
Total assets less current liabilities		<u>939,233</u>	<u>919,595</u>
Non-current liabilities			
Lease liabilities		<u>3,772</u>	<u>4,343</u>
Net assets		<u>935,461</u>	<u>915,252</u>
Capital and reserves			
Share capital	<i>20</i>	46,438	21,878
Reserves		<u>899,713</u>	<u>895,938</u>
Equity attributable to the owners of the Company		946,151	917,816
Non-controlling interests		<u>(10,690)</u>	<u>(2,564)</u>
Total equity		<u>935,461</u>	<u>915,252</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL

Future World Holdings Limited (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 was changed from Unit 2218, 22/F, The Metropolis Tower, 10 Metropolis Drive, Hung Hom, Kowloon, Hong Kong to Room 2601-2604 and 2637-2640, 26/F, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong with effect from 7 October 2022. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

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 measured at fair value. Certain comparative figures were reclassified in order to conform with current year’s presentation.

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

As at 31 December 2022, the Group incurred a net loss of approximately HKD15,605,000 for the year ended 31 December 2022 and, as of that date, the Group has net current liabilities of approximately HKD29,016,000. 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 these consolidated financial statements for the year ended 31 December 2022:

The current liabilities of the Group include bank borrowings of approximately HKD195,700,000, 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 15 to 21 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 authorising these consolidated financial statements 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 these consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a 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 2022

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 2022. These amendments have been applied by the Group for the first time in the current year unless otherwise specified.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract

In addition, the Group has adopted the Amendments to AG 5 (Revised) – Merger Accounting for Common Control Combination.

The application of amendments to HKFRSs and AG 5 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.

(b) New and amendments to HKFRSs that have been issued but are not yet effective

The Group has not applied the following new and amendments to 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 ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts and related amendments ⁵
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 (Revised)	Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²

¹ *Effective for business combinations for which the date of acquisitions is on or after the beginning of the first annual period beginning on or after 1 January 2022*

² *Effective for annual periods beginning on or after 1 January 2023*

³ *Effective for annual periods beginning on or after 1 January 2024*

⁴ *The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined*

⁵ *The amendments were originally intended to be effective for periods beginning on or after 1 January 2021. The effective date has now been extended to 1 January 2023*

The directors of the Company are in the progress of assessing the impact to the Group's financial performance and position by adopting the new and amendments to HKFRSs.

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) securities brokerage business during the year. An analysis of the Group's revenue for the year is as follows:

	2022	2021
	<i>HKD'000</i>	<i>HKD'000</i>
Revenue		
Revenue from contracts with customers within the scope of HKFRS 15 recognised at a point in time:		
Income from high technology business	16,071	48,728
Income from trading business and related services	1,879	2,797
Commission income from securities brokerage business	–	1,092
Revenue from other sources:		
Rental income from property investment	7,108	7,016
Interest income from provision of financing services	21,063	22,330
Dividend income from securities trading and investment	590	3,815
Interest income from debt instrument	426	213
	<u>47,137</u>	<u>85,991</u>
Net realised gain/(loss) from securities trading and investment	<u>33</u>	<u>(4,110)</u>

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision markers (“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
- Securities brokerage business

Segment revenue and financial performance

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

	High technology business		Property investment		Provision of financing services		Securities trading and investment		Trading business and related services		Securities brokerage business		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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	16,071	48,728	7,108	7,016	21,063	22,330	1,016	4,028	1,879	2,797	-	1,092	47,137	85,991
Segment financial performance	(18,917)	(23,473)	(13,319)	15,238	(5,527)	19,987	38,430	(12,500)	(739)	(1,813)	(1,050)	(142)	(1,122)	(2,703)
Unallocated corporate income													485	1
Unallocated corporate expenses													(18,596)	(13,233)
Share of loss of an associate													(45)	(4)
Share-based payment expenses													(848)	(2,823)
Unallocated finance costs													(59)	(35)
Loss before income tax													(20,185)	(18,797)

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

Segment assets and liabilities

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

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Segment assets		
High technology business	36,591	55,928
Property investment	844,532	868,846
Provision of financing services	242,863	340,156
Securities trading and investment	186,894	104,494
Trading business and related services	2,070	2,305
Securities brokerage business	36,037	4,092
	<hr/>	<hr/>
Total segment assets	1,348,987	1,375,821
Unallocated corporate assets	23,524	5,471
	<hr/>	<hr/>
Consolidated assets	<u>1,372,511</u>	<u>1,381,292</u>
Segment liabilities		
High technology business	47,321	51,828
Property investment	209,432	218,987
Provision of financing services	6,532	2,769
Securities trading and investment	166,768	189,120
Trading business and related services	2,075	822
	<hr/>	<hr/>
Total segment liabilities	432,128	463,526
Unallocated corporate liabilities	4,922	2,514
	<hr/>	<hr/>
Consolidated liabilities	<u>437,050</u>	<u>466,040</u>

Other segment information

	High technology business		Property investment		Provision of financing services		Securities trading and investment		Trading business and related services		Securities brokerage service		Unallocated		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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	64	362	-	-	32	117	-	-	-	-	-	-	681	1,866	777	2,345
Addition to right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	4,190	729	4,190	729
Acquisition of an investment property	-	-	-	41,480	-	-	-	-	-	-	-	-	-	-	-	41,480
Depreciation of property, plant and equipment	139	156	-	-	23	18	33	406	84	135	-	-	70	65	349	780
Depreciation of right-of-use assets	-	1,463	-	-	-	-	-	-	-	905	-	-	907	282	907	2,650
Provision for/(reversal of) credit loss allowances on loan and interest receivables, net	-	-	-	-	9,987	(206)	-	-	-	-	-	-	-	-	9,987	(206)
Provision for credit loss allowances recognised on trade receivables, net	6,208	2,997	(8)	-	-	-	-	-	(3)	-	-	-	-	-	6,197	2,997
(Reversal of)/provision for credit loss allowances recognised on other receivables	-	-	(27)	189	11,913	-	-	-	-	-	-	-	-	-	11,886	189
Impairment loss on property, plant and equipment	-	1,068	-	-	-	-	-	-	-	-	-	-	-	-	-	1,068
Impairment loss on right-of-use assets	-	5,488	-	-	-	-	-	-	-	-	-	-	-	-	-	5,488
Provision for/(reversal of) ECL on loan commitment	-	-	-	-	3,763	(136)	-	-	-	-	-	-	-	-	3,763	(136)
Provision for ECL on investment in corporate bond	-	-	-	-	-	-	-	-	-	-	-	-	4,990	-	4,990	-
Change in fair value of financial assets at FVTPL	-	-	-	-	-	-	(47,130)	(213)	-	-	-	-	-	-	(47,130)	(213)
Change in fair value of investment properties	-	-	12,860	(16,368)	-	-	-	-	-	-	-	-	-	-	12,860	(16,368)
Loss on early redemption of promissory note	-	-	-	156	-	-	-	-	-	-	-	-	-	-	-	156
Finance costs	588	564	5,632	5,485	14	-	8,022	10,912	9	9	-	-	45	35	14,301	17,005
Income tax (credit)/expense	(563)	(490)	218	391	(4,235)	57	-	-	-	-	-	-	-	-	(4,580)	(42)

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

Interest income	(3)	-	-	-	(2)	-	(1)	-	-	-	(27)	(1)	(1)	(1)	(34)	(2)
Share of loss of an associate	-	-	-	-	-	-	-	-	-	-	-	-	45	4	45	4
Share based payment expenses	-	-	-	-	-	-	-	-	-	-	-	-	848	2,823	848	2,823
Gain on disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(137)	(264)	(137)	(264)	

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 rental deposit, 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.

	2022			2021		
	Hong Kong HKD'000	The PRC HKD'000	Total HKD'000	Hong Kong HKD'000	The PRC HKD'000	Total HKD'000
Revenue	<u>28,888</u>	<u>18,249</u>	<u>47,137</u>	<u>32,541</u>	<u>53,450</u>	<u>85,991</u>
Non-current assets:						
Property, plant and equipment	744	1,609	2,353	159	1,971	2,130
Right-of-use assets	3,755	-	3,755	472	-	472
Investment properties	<u>699,700</u>	<u>140,754</u>	<u>840,454</u>	<u>711,400</u>	<u>154,287</u>	<u>865,687</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:

	2022 HKD'000	2021 HKD'000
Customer A ¹	13,287	N/A ³
Customer B ²	14,383	16,522
Customer C ¹	<u>N/A³</u>	<u>24,563</u>

¹ Income from high technology business

² Interest income from provision of financing services

³ The customers contributed less than 10% of the total revenue for the respective years.

6. OTHER INCOME AND GAINS

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Government subsidies (<i>Note</i>)	569	435
Gain on disposal of property, plant and equipment, net	–	105
Interest income on bank deposits	34	2
Interest income from unlisted corporate bonds	275	–
Sundry income	213	17
	<u>1,091</u>	<u>559</u>

Note:

During the year ended 31 December 2022, the government subsidies recognised were the approved subsidies in the Employment Support Scheme under the Anti-epidemic Fund as promulgated by the Government of the Hong Kong Special Administrative Region of the PRC. During the years ended 31 December 2022 and 2021, to encourage high-technology business development, the PRC government provides government subsidies to the Group. No unfulfilled conditions or contingencies were attached to these subsidies.

7. FINANCE COSTS

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Interest expenses on bank borrowings	8,533	7,299
Interest expenses on other borrowings	5,260	8,911
Interest expenses on lease liabilities	141	152
Interest expenses on government loans	367	423
Imputed interest expenses on promissory note	–	188
Others	–	32
	<u>14,301</u>	<u>17,005</u>

8. LOSS BEFORE INCOME TAX

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

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Directors' and chief executive's emoluments, including share-based payment expenses of approximately HKD97,000 (2021: HKD848,000)	3,445	4,964
Other staff costs, including share-based payment expenses of approximately HKD751,000 (2021: HKD1,747,000)	10,839	13,199
Contributions to retirement benefits scheme (<i>Note</i>)	334	547
	<hr/>	<hr/>
Total staff costs	14,618	18,710
	<hr/> <hr/>	<hr/> <hr/>
Auditor's remuneration:		
– Audit services	1,280	950
– Non-audit services	496	436
Cost of inventories recognised as expenses	18,423	47,991
Depreciation of property, plant and equipment	349	780
Depreciation of right-of-use assets	907	2,650
Impairment loss on property, plant and equipment	–	1,068
Impairment loss on right-of-use assets	–	5,488
Direct operating expenses arising from investment properties that generated rental income during the year	543	540
Direct operating expenses arising from investment properties that did not generated rental income during the year	169	224
Expenses relating to short-term leases	25	–
Loss on early redemption of promissory note	–	156
Loss on early termination of a lease agreement	–	436
Provision for/(reversal of) credit loss allowances on loan and interest receivables, net	9,987	(206)
Provision for credit loss allowances on trade receivables, net	6,197	2,997
Provision for credit loss allowances on other receivables, net	11,886	189
Provision for/(reversal of) ECL on loan commitment, net	3,763	(136)
Provision for expected credit loss on investment in corporate bond	4,990	–
Share-based payment expenses for consultants	–	228
	<hr/> <hr/>	<hr/> <hr/>

Note:

As at December 2022, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2021: Nil).

9. INCOME TAX CREDIT

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
The PRC Enterprise Income Tax (“EIT”)		
– Current tax	–	–
– (Over)/under-provision in prior years	(1,311)	288
Withholding Tax	<u>218</u>	<u>391</u>
	(1,093)	679
Deferred tax credited to profit or loss	<u>(3,487)</u>	<u>(721)</u>
Income tax credit	<u><u>(4,580)</u></u>	<u><u>(42)</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 “BVI”), the Group is not subject to any income tax under these jurisdictions during the year (2021: 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% for the years ended 31 December 2022 and 2021.

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. No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2022 and 2021, as the Group did not have assessable profits subject to Hong Kong Profits Tax during both years.

The PRC EIT has been provided at the rate of 25% (2021: 25%) on the taxable profits of the Group’s subsidiaries in the PRC during the year ended 31 December 2022. Certain subsidiaries of the Group, which are qualified small and micro-sized enterprises under Caishui [2019] No.13, are eligible for certain tax reduction.

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 (2021: Nil).

11. LOSS PER SHARE

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

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	<u><u>(7,021)</u></u>	<u><u>(7,637)</u></u>
Number of shares		
	2022 <i>'000</i>	2021 <i>'000</i> (Restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	<u><u>89,029</u></u>	<u><u>41,322</u></u>

The weighted average number of ordinary shares used to calculate the basic loss per share for both years have been adjusted to reflect the rights issue and share consolidation during the year ended 31 December 2022. Accordingly, the basic loss per share for the year ended 31 December 2021 is 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

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Listed securities, at fair value:		
Equity securities listed in Hong Kong	<u>66,197</u>	<u>97,308</u>

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

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
At 1 January	97,308	220,117
Additions	1,167	112
Additions in relation to share swap	–	11,400
Disposal	(28,150)	(89,114)
Changes in fair value through other comprehensive income	<u>(4,128)</u>	<u>(45,207)</u>
At 31 December	<u>66,197</u>	<u>97,308</u>

As at 31 December 2022, the balance represents two (2021: three) listed equity securities which are listed on the Stock Exchange. Details are as follows:

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Equity securities listed in Hong Kong		
CMBC Capital Holdings Limited	17,200	91,287
Central Wealth Group Holdings Limited	48,997	4,221
CA Cultural Technology Group Limited	<u>–</u>	<u>1,800</u>
At 31 December	<u>66,197</u>	<u>97,308</u>

These 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 ended 31 December 2022, the dividends received from those equity securities were approximately HKD590,000 (2021: HKD3,676,000).

At 31 December 2022, the Group's financial assets at FVTOCI, with carrying amount of approximately HKD66,197,000 (2021: HKD97,308,000), have been pledged to secure the other borrowings granted to the Group.

13. INVESTMENT IN CORPORATE BOND

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Unlisted corporate bond issued by a Cayman Islands entity	<u>15,010</u>	<u>–</u>

The below table reconciled the financial asset at amortised cost:

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
At 26 October 2022	–	–
Subscriptions	20,000	–
Less: Allowance for expected credit losses	<u>(4,990)</u>	<u>–</u>
At 31 December	<u>15,010</u>	<u>–</u>

On 26 October 2022, the Company entered into the subscription agreement with the independent third party (the “**Issuer**”) for the subscription for an unlisted corporate bond issued by a Cayman Islands entity (the “**Corporate Bond**”), issued at the principal amount of HKD20,000,000, subject to a fixed rate to 7.5% per annum payable in semi-annually in arrears and maturity on 25 October 2025 with no redemption option.

The Issuer is an exempted segregated portfolio company incorporated in the Cayman Island and is engaged in investments in Hong Kong including securities and bonds. The Issuer invested in debts by acquiring the debts from an independent third party at a discount to the face value of the debts, and will invest in undervalued securities and bonds targeting for capital gain.

The Group intended to hold and collect the repayments of principal and interest from the investment in corporate bond. As at 31 December 2022, the management of the Company performed the impairment assessment on the investment in corporate bond by reference to valuation of the investment in corporate bond performed by International Valuation Limited (“**IVL**”), a firm of independent qualified professional valuer. The fair value of the bond was calculated by using a discount rate of 19.64% per annum as at 31 December 2022. The provision for expected credit loss on investment in corporate bond amounted to approximately HKD4,990,000 (2021: Nil) was recognised in the consolidated profit or loss for the year ended 31 December 2022.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Securities held for trading, at fair value:		
Equity securities listed in Hong Kong	114,551	1,408
Unlisted securities bonds issued by a PRC entity	<u>5,482</u>	<u>5,390</u>
	<u>120,033</u>	<u>6,798</u>

The below table reconciled the movement of financial assets at FVTPL during the year:

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
At 1 January	6,798	1,394
Additions	67,513	36,638
Disposals	(1,441)	(27,337)
Changes in fair value and net realised gain/(loss) from disposals	<u>47,163</u>	<u>(3,897)</u>
At 31 December	<u>120,033</u>	<u>6,798</u>

The fair values of equity securities listed in Hong Kong and unlisted securities bonds issued by a PRC entity as at 31 December 2022 and 2021 were determined based on the quoted market closing prices on the Stock Exchange for listed equity securities and over-the-counter market for securities bond. During the year ended 31 December 2022, no dividends received from these equity securities and the interest income from debt instrument were approximately HKD426,000 (2021: the dividends received from these equity securities and interest income from debt instrument were approximately HKD139,000 and HKD213,000 respectively).

At 31 December 2022, the Group's financial assets at FVTPL, with carrying amount of approximately HKD63,995,000 (2021: HKD6,798,000), have been pledged to secure the other borrowings granted to the Group.

15. LOAN AND INTEREST RECEIVABLES

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Current	169,704	31,733
Non-current	<u>30,758</u>	<u>300,512</u>
	<u><u>200,462</u></u>	<u><u>332,245</u></u>

Representing:

From money lending business (including interest receivables of approximately HKD8,771,000 (2021: HKD11,399,000))	231,953	353,749
Less: Allowance for expected credit losses	<u>(31,491)</u>	<u>(21,504)</u>
	<u><u>200,462</u></u>	<u><u>332,245</u></u>

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:

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
On demand or within one year after the end of reporting period	169,704	31,733
More than one year, but not more than two years after the end of reporting period	19,664	284,586
More than two years, but not more than five years after the end of reporting period	<u>11,094</u>	<u>15,926</u>
	<u><u>200,462</u></u>	<u><u>332,245</u></u>

16. TRADE, BILLS AND OTHER RECEIVABLES

	<i>Notes</i>	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Trade receivables, gross		11,999	17,219
<i>Less: Allowance for expected credit losses</i>		<u>(8,937)</u>	<u>(3,176)</u>
Trade receivables, net	<i>(i)</i>	<u>3,062</u>	<u>14,043</u>
Other receivables, gross		52,445	5,240
<i>Less: Allowance for expected credit losses</i>		<u>(12,059)</u>	<u>(189)</u>
		<u>40,386</u>	<u>5,051</u>
Deposit and prepayment		<u>24,196</u>	<u>13,566</u>
Bills receivables	<i>(ii)</i>	<u>1,786</u>	<u>8,809</u>
		69,430	41,469
<i>Less: Rental deposit classified as non-current asset</i>		<u>(1,485)</u>	<u>–</u>
		<u>67,945</u>	<u>41,469</u>

Notes:

(i) Trade receivables

As at 31 December 2022 and 2021, trade receivables mainly comprise amounts receivable from high technology business and trading business and related services. No interest was charged on trade receivables.

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

	2022	2021
	<i>HKD'000</i>	<i>HKD'000</i>
0-30 days	643	890
31-90 days	290	1,294
91-180 days	653	5,402
181-360 days	473	5,140
Over 360 days	9,940	4,493
<i>Less: Allowance for expected credit losses</i>	<u>(8,937)</u>	<u>(3,176)</u>
	<u>3,062</u>	<u>14,043</u>

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

	2022	2021
	<i>HKD'000</i>	<i>HKD'000</i>
Not yet past due	643	890
Less than 30 days past due	290	1,288
31 days to 90 days past due	647	5,333
91 days to 180 days past due	1,048	4,939
181 days to 365 days past due	431	1,427
More than 1 year past due	<u>3</u>	<u>166</u>
	<u>3,062</u>	<u>14,043</u>

(ii) **Bills receivables**

The Group endorsed certain bill receivables (the “**Endorsed Bills**”) with a carrying amount of approximately HKD1,786,000 (2021: HKD8,687,000) as at 31 December 2022 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 HKD1,786,000 (2021: HKD8,687,000) as at 31 December 2022.

In the opinion of the directors of the Company, the fair values of these Endorsed Bills and the associated trade payables are approximately to their carrying amounts. Net position of the Group is Nil (2021: Nil) as at 31 December 2022.

17. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	<i>Notes</i>	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Trade payables	<i>(i)</i>	23,410	18,106
Government loans	<i>(ii)</i>	8,967	10,730
Other payables		6,512	3,733
Accruals		11,625	9,538
Rental deposits received		1,504	1,686
		52,018	43,793

Notes:

(i) Trade payables

The credit period granted by suppliers of the Group is ranging from 30 to 120 days (2021: 30 to 120 days) for the year. The ageing analysis of the trade payables based on invoice date is as follows:

	2022	2021
	HKD'000	HKD'000
0-30 days	1,786	12,274
31-90 days	–	83
91-360 days	12,583	3,030
Over 360 days	9,041	2,719
	23,410	18,106

The aggregate carrying amount of trade payables under the Endorsement amounted to approximately HKD1,786,000 (2021: HKD8,687,000) as at 31 December 2022, do not meet the de-recognition requirements in HKFRS 9. The corresponding financial assets are included in trade, bills and other receivables.

(ii) Government loans

Government loans amounting to approximately RMB7,963,000 (equivalent to approximately HKD8,967,000) (2021: RMB8,763,000 (equivalent to approximately HKD10,730,000)) represented a government loan (2022: two government loans) received by certain PRC subsidiaries of the Company in prior years. 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 specific period. These government loans are charged at an interest rate according to the People's Bank of China. As at 31 December 2022, accrued interest of government loans amounting to approximately HKD1,062,000 (2021: HKD844,000) was included in accruals. One of the government loan amounting to approximately RMB863,000 (equivalent to approximately HKD1,011,000) (including interest payable RMB63,000 (equivalent to approximately HKD74,000)) was derecognised with disposal of a subsidiary during the year ended 31 December 2022.

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.

As at 31 December 2022, one (2021: one) of the government loans received by a PRC subsidiary amounting to approximately RMB7,963,000 (equivalent to approximately HKD8,967,000) (2021: RMB7,963,000 (equivalent to approximately HKD9,751,000)), is guaranteed by the legal representative of that PRC subsidiary.

18. BANK BORROWINGS

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Secured bank borrowings	<u>285,914</u>	<u>299,236</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)	195,700	205,565
Carrying amount repayable within one year	<u>90,214</u>	<u>93,671</u>
	<u>285,914</u>	<u>299,236</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:

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Within one year	90,214	93,671
More than one year, but within two years	10,440	10,154
More than two years, but within five years	33,181	31,597
More than five years	<u>152,079</u>	<u>163,814</u>
	<u>285,914</u>	<u>299,236</u>

As at 31 December 2022, the bank borrowings bear interest at (i) 2.5% per annum below HKD Prime Rate, (ii) 2% per annum over HIBOR (1 month) or 2.5% per annum below HKD Prime rate, whichever is the lower, (iii) 2.5% per annum over HIBOR (1 week to 1 month) and (iv) fixed rate at 3.85% per annum. (2021: (i) 2.5% per annum below HKD Prime Rate, (ii) 2% per annum over HIBOR (1 month) or 2.5% per annum below HKD Prime rate, whichever is the lower, (iii) 2.5% per annum over HIBOR (1 week to 1 month) and (iv) fixed rate at 3.85% per annum). The weighted average effective interest rates per annum on the bank borrowings are as follows:

	2022	2021
Secured bank borrowings	<u><u>2.44% - 3.97%</u></u>	<u><u>2.10% - 3.85%</u></u>

19. OTHER BORROWINGS

	<i>Notes</i>	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Other borrowings due to:			
Securities Broker A	<i>(i)</i>	–	–
Securities Broker B	<i>(ii)</i>	49,542	72,961
Securities Broker C	<i>(iii)</i>	34,906	34,906
Central Wealth Securities Investments Limited ("CWSI")	<i>(iv)</i>	<u>2,221</u>	<u>1,103</u>
		<u><u>86,669</u></u>	<u><u>108,970</u></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 2021, pursuant to the Margin Loan Agreements A, Securities Broker A provided a margin loan facility to the Group up to HKD60,000,000 at an interest rate of 7.5% per annum payable in arrears.

At 31 December 2021, the Group has fully repaid the margin loan to Securities Broker A. The margin loan facility granted to the Group was expired on 22 June 2022.

(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 HKD82,000,000 (2021: HKD82,000,000).

At 31 December 2022, the Group has utilised approximately HKD49,542,000 (2021: HKD72,961,000) of the margin loan facility granted by Securities Broker B at an interest rate of 7.5% (2021: 7.5%) 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 (2021: HKD35,000,000) at an interest rate of HKD Prime Rate – 2% per annum. At 31 December 2022, the Group has utilised approximately HKD34,906,000 (2021: HKD34,906,000) of the margin loan facility granted by Securities Broker C.

(iv) CWSI

In 2018, the Company entered into certain services agreements with CWSI, a subsidiary of Central Wealth Group Holdings Limited (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 as 31 December 2022, the Group has utilised approximately HKD2,221,000 (2021: HKD1,103,000) of the margin loan facility granted by CWSI.

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:

	2022	2021
	<i>HKD'000</i>	<i>HKD'000</i>
Within one year or on demand	<u>86,669</u>	<u>108,970</u>

Partial of the other borrowings amounting to approximately HKD49,542,000 (2021: HKD72,961,000) 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.

20. SHARE CAPITAL

	Number of ordinary shares <i>(Note (i))</i>	Number of preference shares	Amount <i>HKD'000</i>
Share capital			
Ordinary shares of HKD0.02 each (before share consolidation) and HKD0.4 each (after share consolidation)			
Authorised:			
At 1 January 2021, 31 December 2021 and 1 January 2022	12,474,000,000	26,000,000	250,000
Share consolidation <i>(Note (ii))</i>	<u>(11,850,300,000)</u>	<u>(24,700,000)</u>	<u>–</u>
At 31 December 2022	<u>623,700,000</u>	<u>1,300,000</u>	<u>250,000</u>
<i>Issued and fully paid:</i>			
At 1 January 2021	<u>945,321,858</u>	<u>–</u>	<u>18,906</u>
Exercise of share options <i>(Note (iv))</i>	53,600,000	–	1,072
Share issuance in relation to share swap <i>(Note (v))</i>	<u>95,000,000</u>	<u>–</u>	<u>1,900</u>
At 31 December 2021 and 1 January 2022	1,093,921,858	–	21,878
Share consolidation <i>(Note (ii))</i>	(1,039,225,766)	–	–
Issuance of share upon rights issue <i>(Note (iii))</i>	<u>61,399,399</u>	<u>–</u>	<u>24,560</u>
At 31 December 2022	<u>116,095,491</u>	<u>–</u>	<u>46,438</u>

Notes:

- (i) All the ordinary shares which were issued by the Company rank pari passu with each other in all respects.
- (ii) On 15 December 2021, the director of the Company proposed to implement a share consolidation on the basis that every 20 issued and unissued shares of HKD0.02 each would be consolidated into one consolidated share of HKD0.4 each.

Pursuant to an ordinary resolution passed on 21 February 2022, the share consolidation was approved by the shareholders of the Company and has become effective on 23 February 2022 immediately after the share consolidation, the total number of issued shares of the Company was adjusted from 1,093,921,858 to 54,696,092.

- (iii) On 15 December 2021, the Company announced the proposed rights issue on the basis of three rights shares for every two consolidated shares at the subscription price of HKD0.9 per right share. Pursuant to the placing agreement entered with an independent placing agent, Po Tai Securities (Hong Kong) Limited on 15 December 2021, the Company conditionally agreed to place through the placing agent for those unsubscribed rights shares at the placing price not less than the subscription price to the placees who and whose ultimate beneficial owners are independent third parties.

The rights issue and the placing for those unsubscribed rights shares were completed on 20 May 2022, and 61,399,399 rights shares, including those unsubscribed rights shares issued through placing, were allotted and issued to the shareholders accordingly. The net proceeds after deducting the related expenses approximately HKD2,828,000, amounted to approximately HKD52,431,000. Accordingly, the Company's share capital increased by approximately HKD24,560,000 and the remaining balance of the net proceeds of approximately HKD27,871,000 was credited to the share premium account.

- (iv) On 16 June 2021 and 25 June 2021, 34,800,000 and 18,800,000 share options were exercised respectively at the exercise price of HKD0.1254 per share. The total cash consideration received from the issuance 53,600,000 shares was approximately HKD6,721,000, of which HKD1,072,000 was credited to issued share capital and the remaining balance of approximately HKD5,649,000 was credited to the share premium account. In addition, amount attributable to the related share options of approximately HKD1,285,000 has been transferred from share option reserve to the share premium account. In the opinion of the directors of the Company, the transaction costs in relation to these exercise of share options were immaterial.
- (v) On 24 August 2021, the Company has entered into a share swap agreement (the “**Share Swap Agreement**”) with CA Cultural Technology Group Limited (the “**CA Cultural**”), a company incorporated in the Cayman Islands and listed on the Stock Exchange. Pursuant to the Share Swap Agreement, the Company shall subscribe for and CA Cultural shall allot and issue 4,000,000 shares of CA Cultural and CA Cultural shall subscribe for and the Company shall allot and issue 95,000,000 the Company's shares. As at the completion date of the share swap (i.e. 8 September 2021), the Company subscribed 4,000,000 shares of CA Cultural at their market price of HKD2.85 per share, resulted in totaling HKD11,400,000 recognised as financial assets at FVTOCI of the Company at the date of share swap. Accordingly, approximately HKD1,900,000 was credit to issued share capital and the remaining balance of HKD9,500,000 was credited to the share premium account of the Company in relation to the corresponding allotment of 95,000,000 shares of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenue for the year ended 31 December 2022 has decreased to approximately HKD47,137,000, which is 45.2% lower compared with the revenue of approximately HKD85,991,000 for the year ended 31 December 2021. The decrease in revenue was mainly attributed to the decrease in revenue of the segment of the high technology business. Details of high technology business are set out in the "High Technology Business" section below. The Group recorded a net loss of approximately HKD15,605,000 for the year ended 31 December 2022 (2021: approximately HKD18,755,000). The decrease in a net loss was mainly attributable to net effect of (i) fair value loss of investment properties of approximately HKD12,860,000 (2021: fair value gain of approximately HKD16,368,000); (ii) aggregate amount of credit loss allowances on trade and other receivables, corporate bond, loan and interest receivables and loan commitments, net of approximately HKD36,823,000 (2021: approximately HKD2,844,000); (iii) fair value gain of financial assets at fair value through profit or loss of approximately HKD47,130,000 (2021: approximately HKD213,000); (iv) income tax credit of approximately HKD4,580,000 (2021: approximately HKD42,000); and (v) one-off impairment on property, plant and equipment and right-of-use assets amounting to HKD6,556,000 recognised for the year ended 31 December 2021.

The Group recorded a net loss of approximately HKD7,021,000 attributable to shareholders of the Company (2021: approximately HKD7,637,000) and basic and diluted loss per share of HKD0.08 and HKD0.08 for the year ended 31 December 2022 (2021: approximately HKD0.18 (restated) and HKD0.18 (restated)).

BUSINESS REVIEW

For the year ended December 31, 2022, due to the COVID-19 epidemic situation in the People's Republic of China (the "PRC") remains volatile, in response to the PRC maintaining the Zero-policy, the high technology business development has a negative impact as the supply chain disruptions. The Group will keep continuous attention to the situation of COVID-19, assess and react actively to impact 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 involved in high technology business from previous years including but not limited to technology industry, intelligent robotics and related services and artificial intelligence products and application solutions. During the year ended 31 December 2022, a revenue of approximately HKD16,071,000 was generated (2021: HKD48,728,000) and a loss of approximately HKD18,917,000 (2021: HKD23,473,000) was recorded for the segment of high technology business. The decrease in revenue was mainly due to disruption in the supply chain as maintaining the Zero-policy due to the COVID-19 remains volatile in the PRC during 2022. During the year ended 31 December 2022, no impairment loss on property, plant and equipment and right-of-use assets were recognised (2021: impairment loss on property, plant and equipment and right-of-use assets amounting to HKD1,068,000 and HKD5,488,000 were recognised).

During the year ended 31 December 2022, the revenue in high technology business were contributed by intelligent industrial welding robots and equipment 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 terms of artificial intelligence products and applications solutions business, the Group will continue to secure orders for our intelligent storage equipment business.

The Group has built up a technical team with strong technical and educational background and years of experience in robotic related business, and their experiences and expertise cover mechanical and robotic engineering, mechanical designs and electrical designs. The Board considers that the development in high technology business will contribute positively to the revenue of the Group and will be beneficial to the development of the Group, thereby creating values to the Company and its shareholders. Nevertheless, the Board also considers the high technology business in China to be highly competitive and will strive to secure orders for the sustainable development of the business segment.

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); (ii) one commercial property located at G/F, No. 20 Kwun Chung Street, Kowloon, Hong Kong (approximate saleable area of 684 square feet with a yard of 193 square feet); and (iii) 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 2022, the Group recorded rental income of approximately HKD7,108,000 (2021: HKD7,016,000) and fair value loss of approximately HKD12,860,000 (2021: fair value gain of approximately HKD16,368,000) 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 (“**Financial Assets at FVTOCI**”) and financial assets at fair value through profit or loss (“**Financial Assets at FVTPL**”) in the consolidated financial statements. As at 31 December 2022, 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: 0139), Shandong Hi-Speed Holdings Group Limited (“**SDHG**”, stock code: 0412), HG Semiconductor Limited (“**HG**”, stock code: 6908), TradeGo FinTech Limited (“**TradeGo**”, stock code: 8017) and Zhixin Group Holding Limited (“**Zhixin**”, stock code: 2187) listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

During the year ended 31 December 2022, the Group subscribed investment in the corporate bond with the principle amount of HKD20,000,000 issued by a entity incorporated in the Cayman Islands. Details of investment in corporate bond are set out in “Material Events” section below.

As a whole, the securities trading and investment segment recorded a profit of approximately HKD38,430,000 during the year ended 31 December 2022 (2021: a loss of approximately HKD12,500,000). The profit was mainly due to fair value gain of financial assets at FVTPL of approximately HKD47,130,000 during the year ended 31 December 2022 (2021: approximately HKD213,000). The Group recorded dividend income of approximately HKD590,000 (2021: approximately HKD3,815,000) and interest income from debt instrument of approximately HKD426,000 (2021: approximately HKD213,000). Besides, the Group recorded net realised gain of financial assets at FVTPL of approximately HKD33,000 (2021: net realised loss of approximately HKD4,110,000). For the securities investment under FVTOCI, the Group recorded a fair value loss of approximately HKD4,128,000 during the year ended 31 December 2022 (2021: approximately HKD45,207,000) through other comprehensive income. As at 31 December 2022, the carrying amount of investment in corporate bond was approximately HKD15,010,000 (2021: Nil) and the Group recorded the provision for expected credit loss on investment in corporate bond of approximately HKD4,990,000 (2021: Nil) during the year ended 31 December 2022.

As at 31 December 2022, details of the securities investments held are as follows:

Name of the investees	Number of shares held	Percentage of equity interests as at 31.12.2022	Original	Market	Fair value (loss)/gain for the year	Release of
			cost of the interest as at 31.12.2022	value of the interests as at 31.12.2022		loss from fair value reserve for the year
			HKD'000	HKD'000	HKD'000	HKD'000
FVTOCI						
CMBC Capital (stock code: 1141)	7,890,000	0.702%	163,707	17,200	(48,353)	207,672
Central Wealth (stock code: 0139)	426,061,316	2.615%	33,188	48,997	45,605	4,479
CA Cultural Technology Group Limited (stock code: 1566)	–	–	–	–	(1,380)	10,980
Subtotal			<u>196,895</u>	<u>66,197</u>	<u>(4,128)</u>	<u>223,131</u>
Name of the investees	Number of shares held	Percentage of equity interest as at 31.12.2022	Original	Market	Fair value gain/(loss) for the year	Realised
			cost of the interest as at 31.12.2022	value of the interest as at 31.12.2022		gain for the year
			HKD'000	HKD'000	HKD'000	HKD'000
FVTPL						
SDHG (stock code: 0412)	4,396,500	0.073%	16,051	25,148	9,097	–
HG (stock code: 6908)	390,000	0.067%	1,498	1,154	(343)	–
TradeGo (stock code: 8017)	19,124,000	3.187%	17,212	19,449	2,237	–
Zhixin (stock code: 2187)	6,296,000	0.842%	12,874	16,370	3,495	–
Central Wealth (stock code: 0139)	455,910,000	2.798%	19,871	52,430	32,552	–
China Evergrande New Energy Vehicle Group Limited (stock code: 0708)	–	–	–	–	–	33
Securities bond issued by a PRC entity	N/A	N/A	5,385	5,482	92	–
Subtotal			<u>72,891</u>	<u>120,033</u>	<u>47,130</u>	<u>33</u>
Total			<u>269,786</u>	<u>186,230</u>	<u>43,002</u>	

As at 31 December 2022, the Group held securities investment portfolio with market value of approximately HKD186,230,000 (2021: approximately HKD104,106,000). Except for the investment in Central Wealth, at 31 December 2022, there were no other investments held by the Group of which value was more than 5% of the net assets of the Group. According to the disposal mandate approved by the shareholders of the Company at the extraordinary general meeting (“**EGM**”) held on 18 August 2021, the Company was authorised to dispose of up to 1,111,230,000 shares of CMBC Capital for a period of 12 months after the conclusion of the EGM.

Performance and prospects of the major investees

CMBC Capital

CMBC Capital and its subsidiaries (the “**CMBC Capital Group**”) was principally engaged in the securities business, investment and financing and asset management, corporate finance and advisory business. 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 2022.

As mentioned in its annual result announcement for the year ended 31 December 2022, the CMBC Capital Group has recorded net loss after tax amounted to approximately HKD437 million, as compared to the net profit after tax of approximately HKD291 million for the year ended 31 December 2021. The CMBC Capital Group’s basic and diluted loss per share attributable to ordinary equity holders of the parent for the year ended 31 December 2022 was both HK37.96 cents (2021: both HK24.55 cents). Revenue has decreased by approximately 10.4% to approximately HKD802 million for the year ended 31 December 2022, compared to approximately HKD895 million for the year ended 31 December 2021.

The share price of CMBC Capital closed at HKD2.18 as at 31 December 2022 (31 December 2021: HKD4.83).

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, money lending business and Chinese medicine clinic business.

As mentioned in Central Wealth's annual results announcement for the year ended 31 December 2022, the net loss was approximately HKD105 million as compared to net loss of approximately HKD371 million for the year ended 31 December 2021. Basic and diluted loss per share attributable to ordinary equity holders of the parent for the year was both approximately HK0.67 cents (2021: both HK2.32 cents). The Central Wealth Group recorded a revenue of approximately HKD278 million for the year ended 31 December 2022, compared to a revenue of approximately HKD244 million for the year ended 31 December 2021.

The share price of Central Wealth closed at HKD0.12 as at 31 December 2022 (31 December 2021: HKD0.01).

SDHG

SDHG and its subsidiaries (the "**SDHG Group**") are principally engaged in industrial investment, standard investment business, non-standard business and licensed financial services.

As mentioned in its interim report for the six months ended 30 June 2022, the SDHG Group has recorded net profit after tax amounted to approximately HKD301 million, as compared to the net profit after tax of approximately HKD258 million for the six months ended 30 June 2021. The SDHG Group's basic and diluted earnings per share attributable to ordinary equity holders of the parent for the six months ended 30 June 2022 was HK1.26 cents and HK1.26 cents (2021: HK1.92 cents (restated) and HK1.91 cents (restated)). Revenue has increased by approximately 125.4% to approximately HKD1,217 million for the six months ended 30 June 2022, compared to approximately HKD540 million for the six months ended 30 June 2021.

The market price of SDHG closed at HKD5.72 as at 31 December 2022 (31 December 2021: HKD3.20).

HG

HG and its subsidiaries (the "**HG Group**") are principally engaged in the design, development, manufacturing, subcontracting and sales of semiconductors, including light-emitting diode beads and LED lighting products in China.

As mentioned in its interim report for the six months ended 30 June 2022, the HG Group has recorded net loss after tax amounted to approximately RMB52 million, as compared to the net loss after tax of approximately RMB41 million for the six months ended 30 June 2021. The HG Group's basic and diluted loss per share attributable to ordinary equity holders of the parent for the six months ended 30 June 2022 was both RMB9.14 cents (2021: both RMB9.70 cents). Revenue has decreased by approximately 42.7% to approximately RMB43 million for the six months ended 30 June 2022, compared to approximately RMB75 million for the six months ended 30 June 2021.

The market price of HG closed at HKD2.96 as at 31 December 2022 (31 December 2021: HKD7.28).

TradGo

TradeGo and its subsidiaries (the “**TradeGo Group**”) are principally engaged in providing cloud-based market and trading integrated terminal products and system services for Hong Kong brokerage firms, and has a leading market position in providing front office trading system services and market data services for Hong Kong brokerage firms.

As mentioned in its interim report for the six months ended 30 September 2022, the TradeGo Group has recorded net profit amounted to approximately HKD17 million, representing an increase of approximately 67.2% when compared to the six months ended 30 September 2021 of HKD10 million. The TradeGo Group's basic and diluted earnings per share for the period were both HK2.98 cents (2021: both HK1.81 cents). Revenue has increased by approximately 35.2% to approximately HKD51 million for the six months ended 30 September 2022, compared to approximately HKD37 million for the six months ended 30 September 2021.

The market price of TradeGo closed at HKD1.02 as at 31 December 2022 (31 December 2021: HKD0.72).

Zhixin

Zhixin and its subsidiaries (the “**Zhixin Group**”) are principally engaged in manufacturing and sale of ready-mixed concrete, precast concrete components and manufacturing and sale of bricks and recycling tailings in the PRC.

As mentioned in its interim report for the six months ended 30 June 2022, the Zhixin Group has recorded net profit after tax amounted to approximately RMB530,000 as compared to the net profit after tax of approximately RMB10,221,000 for the six months ended 30 June 2021. The Zhixin Group's basic and diluted earnings per share attributable to ordinary equity holders of the parent for the six months ended 30 June 2022 was both RMB0.00071 (2021: both RMB0.015). Revenue has decreased by approximately 4.4% to approximately RMB306,675,000 for the six months ended 30 June 2022, compared to approximately RMB320,690,000 for the six months ended 30 June 2021.

The market price of Zhixin closed at HKD2.60 as at 31 December 2022 (31 December 2021: HKD2.14).

Money lending business

The Group's money lending business is conducted through its wholly-owned subsidiary Globally Finance Limited ("**Globally Finance**"), a company incorporated in Hong Kong since early 2015 in Hong Kong and Globally Finance holds a valid Money Lender License under the Money Lenders Ordinance. Globally Finance is principally carrying out loan financing business by providing secured and unsecured loans to its customers. All the money lending transactions to the borrowers are financed by the Group's internal funds.

The Group would reach out to different potential individual customers and also the management of certain potential corporate customers through the business and social networks of the management of the Company. Meanwhile, referrals of borrowers from existing clients are also welcomed. As those persons knew that the Group operates a money lending business, they might ask for a financing opportunity. Globally Finance would then assess the credit of such potential customers based on its credit policy and procedure and considers loan application on credit policy and procedures to assess the loan application.

There is no specific industry requirement for corporate customers. However, companies listed on the Main Board of the Stock Exchange are more favourable. Updated financial statements from corporate customers were required for the approval of loans. There is no specific industry background for individual borrowers. However, through the network of the management, the individual borrowers were mainly merchants engaged in property investment industry. The Group requests that individual borrowers have stable incomes, which should be free from any secured loan products (except self-residential mortgage) under other banks/ financial institutions or unsecured loan products under financial institutions (except banks) by customers' declaration.

The Group struck a successful balance by adhering to an effective comprehensive policy as well as prudent procedures relating to loan approvals, loan renewals, loan top-ups, loan recovery, loan compliance, monitoring and anti-money laundering.

Globally Finance is operated and managed by its management committee. The management committee of Globally Finance comprises 2 individuals as of 31 December 2022, which are directors of Globally Finance and the Company. All members of the management committee have years of experience in accounting, corporate development and/or financial management experience and have overseen the business operations of Globally Finance. All the loans are required to be approved by the management committee of Globally Finance.

Interest income from the Group's money lending business during the year ended 31 December 2022 amounted to approximately HKD21,063,000, showing a decrease of approximately 5.7% from approximately HKD22,330,000 in 2021. Operating loss from this business segment amounted to approximately HKD5,527,000 (2021: operating profit of approximately HKD19,987,000) during the year ended 31 December 2022.

As at 31 December 2022, the total gross amount of loan and interest receivables amounted to HKD231,953,000 (2021: HKD353,749,000) and the Group granted loans to 17 (2021: 13) borrowers under its money lending business. 2 (2021: 2) of the borrowers are corporate borrowers and are listed companies in Hong Kong. The remaining 15 (2021: 11) borrowers are individual borrowers and the loans were personal loans. As at 31 December 2022, save for one (2021: one) individual borrower (the "**Connected Borrower**"), all the other borrowers are third parties independent of and not connected with the Company and/or its subsidiaries. The annual interest rates for loans range from 5.0% to 7.7% (2021: 5.0% to 7.0%). The grant of loan to the Connected Borrower is on normal commercial terms and the grant falls under the de minimis exemption under Chapter 14A of the Listing Rules.

The below table disclose the details of loan and interest receivables as at 31 December 2022:

Borrowers	Original principal HKD	Tenure	Interest rate	Secured
Personal Borrower A	8,500,000	19/8/2020-19/8/2022 (<i>Note (i)</i>)	6.0%	N
Personal Borrower B	6,000,000	31/8/2020-31/8/2022 (<i>Note (i)</i>)	6.0%	N
Personal Borrower C	8,000,000	4/9/2020-4/9/2022 (<i>Note (i)</i>)	6.0%	N
Personal Borrower D (*)	25,000,000	21/12/2020-21/12/2023	5.0%	Y
Personal Borrower E (*)	28,300,000	21/12/2020-21/12/2023	6.0%	Y
Personal Borrower F	5,300,000	8/4/2021-8/4/2023	6.0%	N
Personal Borrower G	3,000,000	1/6/2021-31/5/2024	6.0%	N
Personal Borrower H	4,000,000	2/6/2021-1/6/2024	5.0%	N
Personal Borrower I	4,250,000	7/12/2021-7/12/2023	6.0%	N
Personal Borrower J	2,500,000	23/12/2021-23/12/2023	6.0%	N
Personal Borrower K	1,500,000	30/12/2021-30/12/2023	6.0%	N
Personal Borrower L	1,300,000	30/5/2022-29/7/2022 (<i>Note (i)</i>)	6.0%	N
Personal Borrower M	3,000,000	21/9/2022-20/9/2024	7.5%	N
	6,500,000	20/10/2022-19/10/2024	7.5%	N
Personal Borrower N	2,000,000	20/9/2022-20/9/2023	7.5%	N
Personal Borrower O	15,000,000	17/10/2022-16/10/2025	7.7%	N
Corporate Borrower A (#)	236,000,000	7/10/2020-31/12/2023 (<i>Note (ii)</i>)	7.0%	Y
Corporate Borrower B	10,000,000	8/1/2021-7/1/2024	7.0%	N

* *The loans were secured by collaterals which are properties located in the PRC.*

The loan was secured by collaterals which are equity securities listed in Hong Kong.

Notes:

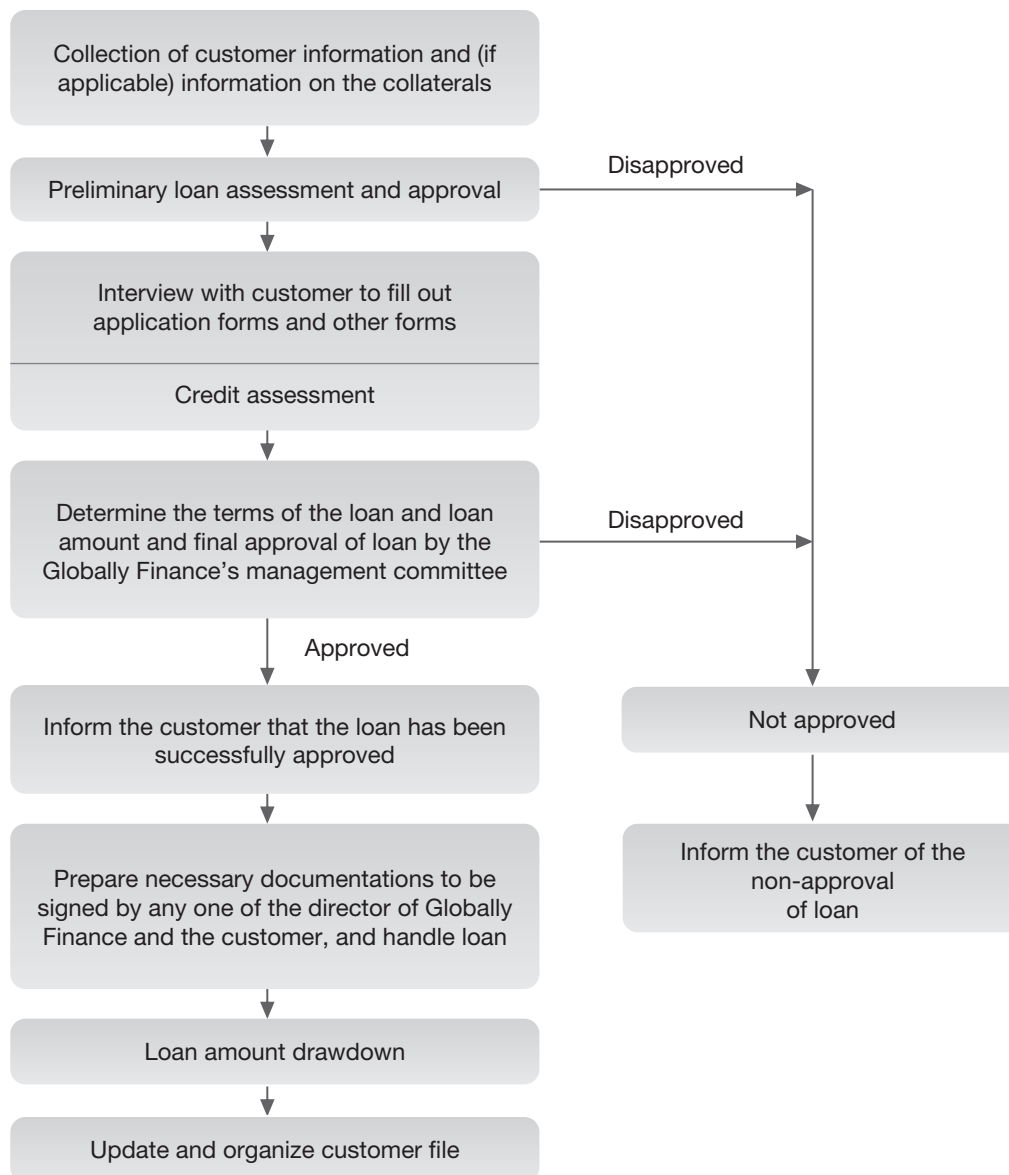
- (i) These loans were matured as at 31 December 2022. Among these loans, amounted to HKD7,000,000 were settled in March 2023, and the remaining balances of these loans will be settled on or before 31 December 2023 according to the repayment schedules agreed with the Borrowers A, B, C and L. In March 2023, certain shares of a listed company in Hong Kong with a total fair value of approximately HKD37,415,000 owned by Borrowers A, B and L were pledged to the Group as securities of their loans and interests due to the Group.
- (ii) Corporate Borrower A provided 65,356,000 shares of a company listed in Hong Kong to the Group as collateral with a total fair value of approximately HKD373,836,000 as at 31 December 2022.

The actual interest rate offered would be affected by a number of factors considered by Globally Finance including the term and amount of the loan, availability of collaterals and the bank lending interest rate. The applicant with better repayment ability will usually get better financing terms and less security and/or collaterals may be needed. In general, an unsecured loan will result in higher interest rates and shorter loan terms, whilst secured loans usually result in lower interest rates. Furthermore, the loan size would also be taken into consideration and in general, the interest rate would be higher for bigger loan sizes.

In respect of the loan granted to Corporate Borrower A, the revolving loan facility was originally granted in 2017 with an interest rate of 8%, which was the market rate at that time. The interest rate was reduced to 7% in 2020 after arm's length negotiations taking into consideration of a number of factors, including the credit assessment, the loan amount and the bank lending rate at that time. Corporate Borrower A is a company listed on the Main Board of the Stock Exchange. The grant of loan to Corporate Borrower A was duly approved by the shareholders of the Company at the extraordinary general meeting held on 16 December 2020. As such, Globally Finance considers that whilst the loan amount granted to Corporate Borrower A is significantly higher than the other borrowers, the loan amount and the interest rate are justified.

In order to minimize the risks faced associated with the business of Globally Finance, Globally Finance has adopted a set of credit policies and procedures as set out in the credit policy and procedure manual, which gives a clear guideline to grant the loan and enable the management committee to assess the risks and financial position of the potential borrowers. For material lending transactions, Globally Finance shall conduct credit review procedures in accordance with standard commercial practices for the purpose of determining the ability of applicants to meet their financial obligations. The application must in the first place, abide by certain credit constraints before further process and being reviewed by the management committee of Globally Finance. Applicants will be required to submit all information necessary for conducting the reviews as required by Globally Finance. In assessing the credit application of the borrower, the following parameters must be reasonably taken into consideration:

- A) the amount of Globally Finance's potential financial exposure associated with the applicant;
- B) the repayment ability of the applicant;
- C) the security and/or collaterals provided; and
- D) others, e.g. external market conditions, legal compliance etc.



Upon receiving the required application and supplemental information, Globally Finance will conduct a financial review to evaluate an applicant's financial viability and to determine an appropriate amount of credit limit. Interest rate posed on the approved loan amount be set with reference to the prevailing market rate, the level of risk involved in each case as well as the general economic and business environment. The interest rate shall not exceed the threshold set out in the Money Lenders Ordinance (Cap 163 of the Laws of Hong Kong).

The Company confirms that it has complied with the requirements set out in Chapters 14 and/or 14A of the Listing Rules when it granted the loans to each of the borrowers, whose loan(s) was still outstanding as at 31 December 2022.

Save for the grant of loan to the Connected Borrower as disclosed above, the Company has no agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person with respect to the grant of loans to the borrower(s) whose loan(s) was still outstanding as at 31 December 2022 and 2021.

During the year ended 31 December 2022, the Group assessed and estimated credit loss allowances (“ECL”) for the loan and interest receivables according to the requirement of Hong Kong Financial Reporting Standard (“HKFRS”) 9 issued by the Hong Kong Institute of Certified Public Accountants. In calculating the ECL rates, the Group considers historical loss rates for each category, the prevailing economic conditions, the value of the collateral and adjusts for forward looking data. For the loans which are classified as ‘Loss’ should be written off, the final approval should be obtained from Globally Finance’s management committee.

Globally Finance will conduct reviews of customers’ financial standing in order to assess any necessary adjustments to the amounts of credit limits and collateral (if any). For the purpose of conducting such reviews, all customers will be required to submit the updated financial proof documents promptly upon Globally Finance’s request. These reviews will be carried out from time to time.

Credit reviews may be performed in response to material changes in a customer’s financial standing or as requested by a customer. Customers will be required to inform Globally Finance in writing of any material change in their financial status within 10 days of its occurrence. The customers are required to disclose the following material change in their financial status to Globally Finance:

- The latest income proof
- Any material change in assets/liabilities
- Bank account statement
- Property land search report
- The latest company balance sheet and profit or loss.

Globally Finance will review the reported material changes in terms of their impact on a customer's financial capacity. Depending on the nature of these material changes, Globally Finance may find it necessary to reassess the customer's credit limit and collateral (if any) requirement.

Should Globally Finance decide, as a result of that review, to lower or terminate the credit facility to a customer, that customer would be required to supply additional financial assurance in the forms and amounts acceptable to Globally Finance to insure full coverage of the customer's total potential exposure.

Normally, Globally Finance will assess the repayment ability and the risk of default for each borrower for half a year or a year except for the high risk borrowers.

Based on the result of credit assessment on debtors, the ECL on loan and interest receivables as at 31 December 2022 was approximately HKD31,491,000 (2021: HKD21,504,000), and ECL on loan and interest receivables of approximately HKD9,987,000 (2021: reversal of ECL of approximately HKD206,000) was charged (2021: credited) to consolidated profit or loss for the year ended 31 December 2022.

Securities brokerage business

The business is carried on through Future World Securities Investment Limited (“**FW Securities**”), a wholly-owned subsidiary of the Company. FW Securities is incorporated in Hong Kong with limited liability and is carrying on business in Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the Securities and Futures Ordinance.

During the year ended 31 December 2022, no revenue (2021: approximately HKD1,092,000) was generated and a loss of approximately HKD1,050,000 (2021: approximately HKD142,000) was recorded for the securities brokerage business.

The Group considers that the provision of margin financing services to its securities brokerage customers will allow it to broaden its customer base and also assists the development of the securities brokerage business.

The Company applied the money proceeds from the Rights Issue (as defined in the “Material Events” section below) during the year ended 31 December 2022 for the capital injection of FW Securities, which would then utilize such proceeds to provide relevant margin financing services to its customers. Subsequent to 31 December 2022, since the application by FW Securities for license the necessary for the provision of margin financing services was yet to be approved by the Securities and Futures Commission, the Group had reallocated the net proceeds from the Rights Issue which had originally been designated for the provision of margin financing services by FW Securities, for the acquisition of a securities brokerage firm in Hong Kong to commence its securities margin financing business and the expansion in its investment portfolio. Details of the change in use of net proceeds from the Rights Issue are set out in the “Material Events” section below.

Trading business and related services

Trading business and related services include face masks and COVID-19 test kits.

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 the human body and can provide affordable “early diagnosis” solutions for society. Relevant certifications have also been obtained for the Test Kits.

During the year ended 31 December 2022, revenue of approximately HKD1,879,000 (2021: approximately HKD2,797,000) was generated and a loss of approximately HKD739,000 (2021: approximately HKD1,813,000) was recorded as a whole for the segment of trading business and related services. With an aim to focus its resources and manpower on other main businesses of the Group, the Group ceased its trading business of the Test Kits since end of 2022 and will seek for opportunities in the other trading 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) trading business and related services and (vi) securities brokerage business. The Group will continue to explore opportunities in these core businesses so as to create long-term value for its shareholders.

Since year 2019, the Group has embarked on new strategic initiatives and developed the business with high technology business including revolves around industrial robot systems, intelligence hardware for service robots, new energy transportation and entertainment technology.

Whilst the high technology business segment of the Group has continued to contribute to the Group, in light of the disruption in the supply chain as a result of the COVID-19 pandemic, the Group is in the course of reviewing its high technology business and expects that the business environment of high technology business segment and outlook for the coming financial year will remain highly challenging and uncertain. To mitigate the impact of the COVID-19 pandemic on the high technology business segment, the Group will develop more different innovative technology products and applications, pursue huge market opportunities and diversify its high technology business portfolio with a view to broadening its income stream which shall be in the best interests of the Company and its shareholders as a whole.

The Directors are optimistic about the securities market development in Hong Kong and have resolved to continue its securities brokerage business. The continuous return of Chinese concept stocks to Hong Kong will attract the PRC and international capital to flow into Hong Kong, driving the prospects of Hong Kong stocks to be bright. The Group will seize this opportunity to develop 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 FW Securities. FW Securities aims at providing broader and more diversified services to customers including but not limited to providing securities dealing and advising securities services acting 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 for their fund raising in 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. Besides, the Group will provide margin financing service to securities trading clients at a market rate through the acquisition of a securities broker's firm in the near future.

FINANCIAL REVIEW

Liquidity, financial resources and funding

During the year ended 31 December 2022, the Group mainly financed its operations by cash generated from the operation, bank borrowings and net proceeds from the Rights Issue as set forth in the section headed "Material Events". The Group had total bank deposits and cash and bank balances of approximately HKD38,983,000 as at 31 December 2022 (2021: approximately HKD12,077,000). The Group had total borrowings of approximately HKD372,583,000 (2021: approximately HKD408,206,000) are comprised of bank borrowings of approximately HKD285,914,000 (2021: approximately HKD299,236,000) and other borrowings of approximately HKD86,669,000 (2021: approximately HKD108,970,000) as at 31 December 2022.

Among bank borrowings, approximately HKD90,214,000 are repayable within one year, approximately HKD10,440,000 are repayable over one year but not exceeding two years, approximately HKD33,181,000 are repayable over two years but not exceeding five years and approximately HKD152,079,000 are repayable over five years. The bank borrowings bear interest at (i) 2.5% per annum below HKD Prime Rate, (ii) 2% per annum over HIBOR (1 month) or 2.5% per annum below HKD Prime rate, whichever is the lower, (iii) 2.5% per annum over HIBOR (1 week to 1 month) and (iv) fixed rate at 3.85% per annum. The bank borrowings are guaranteed by the Company as at 31 December 2022 and 2021.

The other borrowings are comprised of margin loans and revolving loans. The margin loan payables bear fixed interest at 7.5% per annum. The margin loan payables are repayable within one year and were guaranteed by the Company as at 31 December 2022 and 2021. The revolving loan bear a fixed interest rate of the bank's HKD Prime Rate – 2% per annum.

The gearing ratio, which is calculated as total borrowings divided by total equity, was 39.83% (2021: 44.60%) as at 31 December 2022. Net assets were approximately HKD935,461,000 (2021: HKD915,252,000) on the same date.

As at 31 December 2022, the Group has total current assets of approximately HKD404,262,000 (2021: approximately HKD110,335,000) and total current liabilities of approximately HKD433,278,000 (2021: approximately HKD461,697,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 0.93 (2021: 0.24) as at 31 December 2022.

The Group's finance costs for the year were approximately HKD14,301,000 (2021: approximately HKD17,005,000) and were mainly related to interests paid on the bank borrowings and margin loans. The decrease in finance costs was due to a decrease in the total borrowings during the year.

Pledge of assets

At 31 December 2022, the Group's investment properties, with a carrying amount of HKD660,000,000 (2021: approximately HKD671,000,000), have been pledged to secure the bank borrowings granted to the Group.

As at 31 December 2022, the Group had pledged an investment property with a carrying amount of HKD283,000,000 (2021: approximately HKD287,000,000); the securities investment under FVTOCI of approximately HKD66,197,000 (2021: approximately HKD97,308,000); and the securities investment under FVTPL of approximately HKD63,995,000 (2021: approximately HKD6,798,000) to secure the other borrowings.

Foreign currency management

The Group has minimal exposure to foreign currency risks as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of each group entity. 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 2022, the Group had no significant litigations and contingencies (2021: Nil).

MATERIAL EVENTS

Share consolidation

On 15 December 2021, the Company proposed to implement a share consolidation on the basis that every twenty issued and unissued shares of par value of HKD0.02 each (the “**Old Shares**”) will be consolidated into one consolidated share of par value of HKD0.4 each (the “**Shares**”) (the “**Share Consolidation**”).

Pursuant to an ordinary resolution passed on 21 February 2022, the Share Consolidation was approved by the shareholders of the Company and has become effective on 23 February 2022. Immediately after the Share Consolidation, the authorised ordinary and preference share capital of the Company had become HKD249,480,000 divided into 623,700,000 Shares and HKD520,000 divided into 1,300,000 Shares respectively and the total number of issued ordinary shares of the Company was adjusted from 1,093,921,858 to 54,696,092 (the “**Consolidated Shares**”).

For further information in relation to the Share Consolidation, please refer to the announcements of the Company dated 15 December 2021, 14 January 2022, 31 January 2022 and 21 February 2022 and the circular of the Company dated 31 January 2022.

Rights issue

On 15 December 2021, the Company announced the proposed rights issue, by way of the issue of up to 82,044,138 Shares (the “**Rights Shares**”), on the basis of three rights shares for every two Consolidated Shares held on 4 March 2022 at the subscription price of HKD0.90 per Rights Share (the “**Rights Issue**”). Upon completion of the Rights Issue on 20 May 2022, a total of 61,399,399 Rights Shares were issued pursuant to the terms of the Rights Issue and the number of the Company’s ordinary Shares in issue became 116,095,491. The number of 61,399,399 Rights Shares issued pursuant to the terms of the Rights Issue represents approximately 112% of the Company’s existing issued share capital before the completion of the Rights Issue and approximately 53% of the Company’s issued share capital as enlarged by the issue of the Rights Shares.

The net proceeds from the Rights Issue after deducting the expenses were approximately HKD52.5 million (the “**Net Proceeds**”). The Company intends to apply the Net Proceeds as to (i) approximately 65% for capital injection of FW Securities, which would then utilize such proceeds to provide relevant margin financing services to its customers; (ii) approximately 20% for repayment of loan and interest; and (iii) the remaining balance for general working capital of the Group, of which approximately HKD7.9 million for payment of operating expenses (the “**Intended Use**”).

During the year ended 31 December 2022, the Group had applied the Net Proceeds according to the Intended Use. In particular, the Group had applied approximately HKD34.0 million (the “**Capital**”), representing approximately 65% of the Net Proceeds, to complete capital injection of FW Securities in the form of shares subscription in FW Securities (the “**Capital Injection**”). Since the Capital Injection, the Capital has remained idle because the application by FW Securities for the license (the “**License**”) necessary for the provision of margin financing services was yet to be approved by the Securities and Futures Commission (“**SFC**”), despite the fact that the application was submitted back in August 2022. Although FW Securities had consistently and proactively followed up with the SFC in relation to its application status, it remained uncertain as to when FW Securities could obtain the License.

In light of the uncertainty as aforementioned and upon review of the Group’s operational needs, business segments and their future prospects, on 24 February 2023, the Company reallocates the net proceeds which had originally been designated for the provision of margin financing services by FW Securities of approximately HKD34.0 million (the “**Unutilized Net Proceeds**”), representing approximately 65% of the Net Proceeds, for (i) the acquisition of a securities brokerage firm in Hong Kong and (ii) the expansion in the investment portfolio of the Group, details of which are set forth as follows:

	Initial allocation	Utilized Net Proceeds	Unutilized Net Proceeds for reallocation	Revised allocation of Unutilized Net Proceeds
	<i>HKD million</i>	<i>HKD million</i>	<i>HKD million</i>	<i>HKD million</i>
Provision of margin financing services by				
FW Securities	34.0	–	34.0	–
Repayment of loan and interest	10.6	10.6	–	–
General working capital	7.9	7.9	–	–
Acquisition of a securities brokerage firm	–	–	–	8.0
Expand investment portfolio	–	–	–	26.0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u> 52.5</u>	<u> 18.5</u>	<u> 34.0</u>	<u> 34.0</u>

Up to the date of this announcement, the Unutilized Net Proceeds was approximately HKD34 million, of which HKD26 million was used for acquisitions of Hong Kong listed equities and subscription of short-term notes issued by the independent third parties of the Company. The Company estimates that the Utilized Net Proceeds of approximately HKD8 million will be used for acquisition of a securities brokerage firm during the year ending 31 December 2023.

Details of the Rights Issue were set out in the Company’s announcements dated 15 December 2021, 14 January 2022, 31 January 2022, 21 February 2022, 7 March 2022, 17 March 2022, 18 March 2022, 4 May 2022, 19 May 2022, 24 February 2023 and circular of the Company dated 31 January 2022 and prospectus of the Company dated 12 April 2022.

Change in board lot size

With effect from 20 December 2022, the board lot size of the Company for trading on the Stock Exchange was changed from 20,000 Shares to 4,000 Shares, whilst the monetary value of each board lot has changed from HKD8,000 to HKD1,600. Further details on the change in board lot size are set out in the announcement dated 29 November 2022 of the Company.

Adjustment to exercise price and number of share options under the share option scheme

Prior to the implementation of the Share Consolidation and completion of the Rights Issue, the Company had the outstanding share options to subscribe for an aggregate of 129,358,424 Old Shares at an weighted average exercise price of HKD0.20 per Old Share (the “**Share Options**”) under the share option schemes of the Company adopted on 22 February 2012 and 30 June 2021 (the “**Share Option Schemes**”) respectively.

Pursuant to the terms and conditions of the Share Option Schemes, the weighted average exercise price and the number of the Share Options were adjusted upon the implementation of the Share Consolidation and the completion of the Rights Issue (the “**Adjustment**”). Details of the Adjustment are set out below:

	Before completion of the Share Consolidation		After completion of the Share Consolidation		After completion of the Rights Issue	
	Prevailing weighted average exercise price	Number of share option of HKD0.02 each	Adjusted weighted average exercise price	Adjusted number of share option of HKD0.40 each	Adjusted weighted average exercise price	Adjusted number of share option of HKD0.40 each
Share options	<u>HKD0.20</u>	<u>129,358,424</u>	<u>HKD3.95</u>	<u>6,467,921</u>	<u>HKD3.80</u>	<u>6,617,235</u>

Save for the above Adjustment, all other terms and conditions of the Share Options remain unchanged.

The Company's auditor, Moore Stephens CPA Limited has performed certain factual finding procedures on the Adjustments in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants and issued a report of factual findings to the Board stating that the computation of the Adjustments is mathematically accurate and is in compliance with the terms and conditions of the Share Option Schemes.

Subscription of bonds

On 26 October 2022, the Company entered into the subscription agreement with the independent third party of the Group (the "**Subscriber**"), pursuant to which, among other matters, the Company has conditionally agreed to subscribe for, and the Subscriber has conditionally agreed to issue to the Company, the 7.5% bond at an aggregate consideration of HKD20,000,000 with the maturity date on 25 October 2025, subject to the terms and conditions of the subscription agreement. The subscription was completed on 26 October 2022. Details of the subscription of bond are set out in the announcement of the Company dated 26 October 2022 and 3 March 2023.

Disposal of equity interests in a PRC subsidiary

On 10 January 2022, a wholly-owned subsidiary of the Company, 江蘇未徠棟楠科技有限公司 entered into a conditional sales and purchases agreement (the "**Sales and Purchases Agreement**") with an independent third party of the Group, 揚州桓武科技有限公司, a limited liability company incorporated in the PRC. Pursuant to the Sales and Purchases Agreement, 江蘇未徠棟楠科技有限公司 agreed to sell its 55% equity interest of 江蘇未徠哈工漫威機器人有限公司, represent the entire equity interest held by the Group, with a consideration of RMB1 subject to and conditional upon the terms of the Sale and Purchase Agreement. The transaction has completed on 16 February 2022. Accordingly, 江蘇未徠哈工漫威機器人有限公司 ceased to be a subsidiary of the Group.

For further information in relation to the disposal, please refer to the announcement of the Company dated 10 January 2022.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 43 employees situated in Hong Kong and China (2021: 53 employees). The Group's emoluments policies are formulated based on industry practices and performance of individual employees.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year (2021: Nil).

CAPITAL STRUCTURE

The share capital of the Company only comprises of ordinary shares. As at 31 December 2022 and the date of this announcement, the Company had 116,095,491 and 116,095,491 Shares in issue respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

EXTRACT FROM THE AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to Note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HKD15,605,000 for the year ended 31 December 2022 and, as of that date, the Group has net current liabilities of approximately HKD29,016,000. These conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 2022 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 2022.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles of good corporate governance set out in the Corporate Governance Code in Appendix 14 of the Listing Rules (the "**CG Code**"). The Company has complied with all code provisions during the year ended 31 December 2022 as set out in the CG Code except for the following deviations:

Code provision C.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. The roles of the chairman and the chief executive officer of the Company are not separate and both are performed by Mr. Liang Jian during the year. 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 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 C.2.1 of the CG 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 chief executive officer.

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 during the year ended 31 December 2022.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.fw-holdings.com. The annual report of the Company for year ended 31 December 2022 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, 31 March 2023

As at the date of this announcement, the Board comprises (i) eight executive Directors, namely Mr. Liang Jian, Mr. Yu Zhenzhong, Ms. Wang Qian, Mr. Yu Qingrui, Mr. Su Wei, Mr. Yuan Yifeng, Mr. Li Rui and Mr. Cheung Kit Shing; and (ii) three independent non-executive Directors, namely Mr. He Yi, Mr. Guo Yaoli and Ms. Xia Liping.