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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 2021**

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 2021 together with comparative figures for the previous year as follows:

FINANCIAL SUMMARY

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

| | <i>Notes</i> | 2021 HKD'000 | 2020 <i>HKD'000</i> |
|--|--------------|-------------------------------|------------------------|
| Net realised loss from securities trading and investment | 4 | (4,110) | (13,067) |
| Revenue | 4 | 85,991 | 234,659 |
| Cost of sales | | <u>(51,595)</u> | <u>(166,366)</u> |
| Gross profit | | 34,396 | 68,293 |
| Other income and gains | 6 | 559 | 1,689 |
| Selling and distribution costs | | (1,100) | (4,513) |
| Administrative expenses | | (35,999) | (37,083) |
| Provision for credit loss allowances on trade receivables, net | | (2,997) | (125) |
| Provision for credit loss allowances on other receivables | | (189) | – |
| Reversal of/(provision for) credit loss allowances on loan and interest receivables, net | | 206 | (1,433) |
| Reversal of expected credit loss on loan commitment, net | | 136 | 687 |
| Change in fair value of investment properties | | 16,368 | (3,125) |
| Change in fair value of financial assets at fair value through profit or loss | | 213 | 148 |
| Impairment loss on property, plant and equipment | | (1,068) | – |
| Impairment loss on right-of-use assets | | (5,488) | – |
| Share of loss of an associate | | (4) | (371) |
| Loss on early redemption of promissory note | | (156) | – |
| Share-based payment expenses | | (2,823) | (17,498) |
| Gain on disposal of subsidiaries | | <u>264</u> | <u>973</u> |
| Operating loss | | (1,792) | (5,425) |
| Finance costs | 7 | <u>(17,005)</u> | <u>(21,132)</u> |
| Loss before income tax | 8 | (18,797) | (26,557) |
| Income tax credit/(expense) | 9 | <u>42</u> | <u>(4,593)</u> |
| Loss for the year | | <u>(18,755)</u> | <u>(31,150)</u> |

| | | 2021 | 2020 |
|---|--------------|-------------------------|---------------------------------------|
| | <i>Notes</i> | HKD'000 | <i>HKD'000</i> |
| Other comprehensive income/(loss) | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences arising on translation of financial statements of foreign operations | | 5,229 | 10,312 |
| Release of exchange reserve upon disposals of subsidiaries | | 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>(45,207)</u> | <u>(35,859)</u> |
| Other comprehensive loss for the year, net of income tax | | <u>(39,957)</u> | <u>(25,547)</u> |
| Total comprehensive loss for the year | | <u>(58,712)</u> | <u>(56,697)</u> |
| (Loss)/profit for the year attributable to: | | | |
| Owners of the Company | | (7,637) | (38,003) |
| Non-controlling interests | | <u>(11,118)</u> | <u>6,853</u> |
| | | <u>(18,755)</u> | <u>(31,150)</u> |
| Total comprehensive (loss)/income for the year attributable to: | | | |
| Owners of the Company | | (48,083) | (64,023) |
| Non-controlling interests | | <u>(10,629)</u> | <u>7,326</u> |
| | | <u>(58,712)</u> | <u>(56,697)</u> |
| Loss per share attributable to owners of the Company | | | |
| – Basic and diluted | 11 | <u>HKD(0.15)</u> | (Restated) <u>HKD(1.02)</u> |

Consolidated Statement of Financial Position
As at 31 December 2021

| | <i>Notes</i> | 2021 HKD'000 | 2020 <i>HKD'000</i> |
|---|--------------|-------------------------------|------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 2,130 | 2,161 |
| Right-of-use assets | | 472 | 8,797 |
| Investment properties | | 865,687 | 803,836 |
| Interest in an associate | | 56 | 58 |
| Financial assets at fair value through other comprehensive income | 12 | 97,308 | 220,117 |
| Loan receivables | 14 | 300,512 | 298,451 |
| Deferred tax assets | | 4,792 | 4,059 |
| | | <u>1,270,957</u> | <u>1,337,479</u> |
| Current assets | | | |
| Inventories | | 13,586 | 10,581 |
| Loan and interest receivables | 14 | 31,733 | 39,564 |
| Financial assets at fair value through profit or loss | 13 | 6,798 | 1,394 |
| Trade, bills and other receivables | 15 | 41,469 | 81,793 |
| Contract assets | | 4,672 | 8,594 |
| Pledged bank deposits and cash and bank balances | | 12,077 | 12,491 |
| | | <u>110,335</u> | <u>154,417</u> |
| Current liabilities | | | |
| Trade payables, accruals and other payables | 16 | 43,793 | 72,993 |
| Contract liabilities | | 7,171 | 5,133 |
| Lease liabilities | | 1,810 | 3,877 |
| Bank borrowings | 17 | 299,236 | 305,009 |
| Other borrowings | 18 | 108,970 | 143,709 |
| Promissory note | 19 | – | – |
| Tax payables | | 717 | 2,441 |
| | | <u>461,697</u> | <u>533,162</u> |
| Net current liabilities | | <u>(351,362)</u> | <u>(378,745)</u> |
| Total assets less current liabilities | | <u>919,595</u> | <u>958,734</u> |
| Non-current liabilities | | | |
| Lease liabilities | | 4,343 | 5,501 |
| Net assets | | <u>915,252</u> | <u>953,233</u> |
| Capital and reserves | | | |
| Share capital | | 21,878 | 18,906 |
| Reserves | | 895,937 | 926,049 |
| Equity attributable to owners of the Company | | 917,815 | 944,955 |
| Non-controlling interests | | (2,563) | 8,278 |
| Total equity | | <u>915,252</u> | <u>953,233</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 3711, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong to Unit 2218, 22/F, The Metropolis Tower, 10 Metropolis Drive, Hung Hom, Kowloon, Hong Kong with effect from 16 April 2021. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

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.

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

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

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

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

Going concern

The Group incurred a net loss of approximately HKD18,755,000 for the year ended 31 December 2021 and, as of that date, the Group has net current liabilities of approximately HKD351,362,000. 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 2021:

The current liabilities of the Group include bank borrowings of approximately HKD205,565,000, 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 16 to 22 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. In addition, in order to improve the Group's financial position, liquidity and cash flows, the directors of the Company proposed to conduct the rights issue on 15 December 2021 to raise additional capital with maximum gross proceeds of approximately HKD73,800,000 by way of a rights issue of up to 82,044,138 rights shares at the subscription price of HKD0.9 per rights share on the basis of three rights shares for every two consolidated shares, which is expected to be completed in 2022.

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 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 2021

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 2021. These amendments have been applied by the Group for the first time in the current year unless otherwise specified.

Amendments to HKAS 39, Interest Rate Benchmark Reform – Phase 2
HKFRS 4, HKFRS 7,
HKFRS 9 and HKFRS 16

In addition, in the preparation of the consolidated financial statements for the year ended 31 December 2021, the Group has early applied the Amendments to HKFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021*, which are mandatorily effective for annual reporting periods beginning on or after 1 April 2021.

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

Impacts on early application of Amendment to HKFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

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

The application of the amendment had no impact to the opening accumulated losses at 1 January 2021. During the year ended 31 December 2021, the Group has not received any waiver of lease payments.

(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 ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴ |
| HKFRS 17 | Insurance Contracts and related amendments ⁵ |
| 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 ³ |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use ¹ |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract ¹ |
| Amendments to HKFRS 1, HKFRS 9 and HKFRS 16 | Annual Improvements to HKFRSs 2018 – 2020 ¹ |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies ³ |
| Amendments to HKAS 8 | Definition of Accounting Estimates ³ |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³ |

¹ *Effective for annual periods beginning on or after 1 January 2022*

² *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*

³ *Effective for annual periods beginning on or after 1 January 2023*

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; (vi) securities brokerage business; (vii) investment in film industry and (viii) licensing of e-commerce platform during the year. An analysis of the Group's revenue for the year is as follows:

| | 2021 <i>HKD'000</i> | 2020 <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 | 48,728 | 180,358 |
| Income from trading business and related services | <u>2,797</u> | <u>13,154</u> |
| | <u>51,525</u> | <u>193,512</u> |
| Revenue from other sources: | | |
| Rental income from property investment | 7,016 | 12,488 |
| Interest income from provision of financing services | 22,330 | 22,985 |
| Dividend income from securities trading and investment | 3,815 | 5,198 |
| Interest income from debt instrument | 213 | – |
| Commission income from securities brokerage business | 1,092 | – |
| Interest income from investment in film industry | <u>–</u> | <u>476</u> |
| | <u>34,466</u> | <u>41,147</u> |
| | <u>85,991</u> | <u>234,659</u> |
| Net realised loss from securities trading and investment | <u>(4,110)</u> | <u>(13,067)</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
- Investment in film industry
- Licensing of e-commerce platform

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 | | Investment in film industry | | Licensing of e-commerce platform | | Total | |
|--------------------------------|--------------------------|----------|---------------------|----------|---------------------------------|----------|-----------------------------------|----------|---------------------------------------|----------|-------------------------------|----------|-----------------------------|----------|----------------------------------|----------|----------|----------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | HKD '000 | HKD '000 | HKD '000 | HKD '000 | HKD '000 | HKD '000 | HKD '000 | HKD '000 | HKD '000 | HKD '000 | HKD '000 | HKD '000 | HKD '000 | HKD '000 | HKD '000 | HKD '000 | HKD '000 | HKD '000 |
| Revenue | 48,728 | 180,358 | 7,016 | 12,488 | 22,330 | 22,985 | 4,028 | 5,198 | 2,797 | 13,154 | 1,092 | - | - | - | - | - | 85,991 | 234,659 |
| - External sites | (23,473) | 21,823 | 15,238 | 2,275 | 19,987 | 21,684 | (12,500) | (24,472) | (1,813) | (7,475) | (142) | - | - | (185) | - | - | (2,703) | 13,650 |
| Segment financial performance | | | | | | | | | | | | | | | | | | |
| Unallocated corporate income | | | | | | | | | | | | | | | | | 1 | 967 |
| Unallocated corporate expenses | | | | | | | | | | | | | | | | | (13,233) | (23,149) |
| Share of loss of an associate | | | | | | | | | | | | | | | | | (4) | (371) |
| Share-based payment expenses | | | | | | | | | | | | | | | | | (2,823) | (17,498) |
| Unallocated finance cost | | | | | | | | | | | | | | | | | (35) | (156) |
| Loss before income tax | | | | | | | | | | | | | | | | | (18,797) | (26,557) |

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:

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|---------------------------------------|------------------------|------------------------|
| Segment assets | | |
| High technology business | 55,928 | 98,203 |
| Property investment | 868,846 | 808,820 |
| Provision of financing services | 340,156 | 336,845 |
| Securities trading and investment | 104,494 | 225,136 |
| Trading business and related services | 2,305 | 13,630 |
| Securities brokerage business | 4,092 | – |
| Investment in film industry | – | 5,244 |
| | <hr/> | <hr/> |
| Total segment assets | 1,375,821 | 1,487,878 |
| Unallocated corporate assets | 5,471 | 4,018 |
| | <hr/> | <hr/> |
| Consolidated assets | 1,381,292 | 1,491,896 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Segment liabilities | | |
| High technology business | 51,828 | 71,436 |
| Property investment | 218,987 | 228,976 |
| Provision of financing services | 2,769 | 1,692 |
| Securities trading and investment | 189,120 | 224,079 |
| Trading business and related services | 822 | 4,409 |
| Investment in film industry | – | 88 |
| | <hr/> | <hr/> |
| Total segment liabilities | 463,526 | 530,680 |
| Unallocated corporate liabilities | 2,514 | 7,983 |
| | <hr/> | <hr/> |
| Consolidated liabilities | 466,040 | 538,663 |
| | <hr/> <hr/> | <hr/> <hr/> |

Other segment information

| | High technology business | | Property Investment | | Provision of financing services | | Securities trading and investment | | Trading business and related services | | Securities brokerage service | | Investment in film industry | | Licensing of e-commerce platform | | Total | | |
|---|--------------------------|---------|---------------------|---------|---------------------------------|---------|-----------------------------------|---------|---------------------------------------|---------|------------------------------|---------|-----------------------------|---------|----------------------------------|---------|----------|---------|--|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | |
| | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | |
| Amounts included in the measure of segment profit or loss or segment assets: | | | | | | | | | | | | | | | | | | | |
| Addition to property, plant and equipment | 362 | 727 | - | - | 117 | - | - | - | - | 8 | - | - | - | - | 1,866 | 10,635 | 2,345 | 11,370 | |
| Addition to right-of-use assets | - | 6,818 | - | - | - | - | - | - | - | - | - | - | - | - | 729 | - | 729 | 6,818 | |
| Acquisition of an investment property | - | - | 41,480 | - | - | - | - | - | - | - | - | - | - | - | - | - | 41,480 | - | |
| Depreciation of property, plant and equipment | 156 | 59 | - | - | 18 | - | 406 | 605 | 135 | 265 | - | - | - | - | 65 | 39 | 780 | 968 | |
| Depreciation of right-of-use assets | 1,463 | 341 | - | - | - | - | - | - | 905 | 684 | - | - | - | - | 282 | 3,134 | 2,650 | 4,159 | |
| (Reversal of)provision for credit loss allowances on loan and interest receivables, net | - | - | - | - | (206) | 1,433 | - | - | - | - | - | - | - | - | - | - | (206) | 1,433 | |
| Provision for credit loss allowances recognised on trade receivables, net | 2,997 | 114 | - | 8 | - | - | - | - | - | 3 | - | - | - | - | - | - | 2,997 | 125 | |
| Provision for credit loss allowances recognised on other receivables | - | - | 189 | - | - | - | - | - | - | - | - | - | - | - | - | - | 189 | - | |
| Impairment loss on property, plant and equipment | 1,068 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,068 | - | |
| Impairment loss on right-of-use assets | 5,488 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,488 | - | |
| Reversal of expected credit loss ("ECL") on loan commitment | - | - | - | - | (136) | (687) | - | - | - | - | - | - | - | - | - | - | (136) | (687) | |
| Change in fair value of financial assets at FVTPL | - | - | - | - | - | - | (213) | (148) | - | - | - | - | - | - | - | - | (213) | (148) | |
| Change in fair value of investment properties | - | - | (16,368) | 3,125 | - | - | - | - | - | - | - | - | - | - | - | - | (16,368) | 3,125 | |
| Loss on early redemption of promissory note | - | - | 156 | - | - | - | - | - | - | - | - | - | - | - | - | - | 156 | - | |
| Finance costs | 564 | 402 | 5,485 | 6,130 | - | - | 10,912 | 14,402 | 9 | 42 | - | - | - | - | 35 | 156 | 17,005 | 21,132 | |
| Income tax (credit)/expense | (490) | 4,105 | 391 | 576 | 57 | (123) | - | - | - | 35 | - | - | - | - | - | - | (42) | 4,593 | |

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

| | | | | | | | | | | | | | | | | | | |
|-----------------------------------|---|---|---|---|---|---|---|-----|---|-----|---|---|---|---|-------|--------|-------|--------|
| Interest income | - | - | - | - | - | - | - | (1) | - | (1) | - | - | - | - | (1) | (1) | (2) | (3) |
| Share of loss of an associate | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4 | 371 | 4 | 371 |
| Share based payment expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,823 | 17,498 | 2,823 | 17,498 |
| Gain on disposals of subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (264) | (973) | (264) | (973) |

Geographical information

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

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

| | 2021 | | | 2020 | | |
|-------------------------------|-----------------------------|---------------------------|-------------------------|-----------------------------|---------------------------|-------------------------|
| | Hong Kong <i>HKD'000</i> | The PRC <i>HKD'000</i> | Total <i>HKD'000</i> | Hong Kong <i>HKD'000</i> | The PRC <i>HKD'000</i> | Total <i>HKD'000</i> |
| Revenue | <u>32,541</u> | <u>53,450</u> | <u>85,991</u> | <u>46,839</u> | <u>187,820</u> | <u>234,659</u> |
| Non-current assets: | | | | | | |
| Property, plant and equipment | 159 | 1,971 | 2,130 | 1,101 | 1,060 | 2,161 |
| Right-of-use assets | 472 | – | 472 | 1,741 | 7,056 | 8,797 |
| Investment properties | <u>711,400</u> | <u>154,287</u> | <u>865,687</u> | <u>662,000</u> | <u>141,836</u> | <u>803,836</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:

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|-------------------------|------------------------|------------------------|
| Customer A ¹ | 24,563 | N/A ³ |
| Customer B ² | 16,522 | N/A ³ |
| Customer C ¹ | <u>N/A³</u> | <u>41,009</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

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|--|------------------------|------------------------|
| Government subsidies (<i>Note (i)</i>) | 435 | 995 |
| Gains from bargain purchases | – | 37 |
| Gain on disposal of property, plant and equipment, net | 105 | – |
| Rent concession in relation to COVID-19 (<i>Note (ii)</i>) | – | 55 |
| Interest income on bank deposits | 2 | 3 |
| Sundry income | 17 | 599 |
| | <u>559</u> | <u>1,689</u> |

Notes:

- (i) During the year ended the 31 December 2021, the Group received the government subsidies in regarding to encourage the high technology business development in the PRC. The government subsidies recognised for the year ended 31 December 2020 were the approved subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme as promulgated by the Government of the Hong Kong Special Administrative Region of the PRC. There are no unfulfilled conditions or other contingencies attached to these subsidies for both years.
- (ii) During the year ended 31 December 2020, the Group was granted a rent concession in relation to COVID-19 for an office premises. The Group applied the practical expedient in paragraph 46A of HKFRS 16 for its rent concession in relation to COVID-19, such that the Group elected not to assess whether the rent concession that meets the conditions in paragraph 46B of HKFRS 16 is a lease modification. Therefore, the rent concession was recognised as other income for the year ended 31 December 2020.

7. FINANCE COSTS

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|--|------------------------|------------------------|
| Interest expenses on bank borrowings | 7,299 | 8,743 |
| Interest expenses on other borrowings | 8,911 | 11,793 |
| Interest expenses on lease liabilities | 152 | 214 |
| Interest expenses on government loans | 423 | 382 |
| Imputed interest expenses on promissory note | 188 | – |
| Others | 32 | – |
| | <u>17,005</u> | <u>21,132</u> |

8. LOSS BEFORE INCOME TAX

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

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|--|------------------------|------------------------|
| Directors' and chief executive's emoluments, including share-based payment expenses of approximately HKD848,000 (2020: HKD6,228,000) | 4,964 | 14,083 |
| Other staff costs, including share-based payment expenses of approximately HKD1,747,000 (2020: HKD3,370,000) | 13,199 | 16,190 |
| Contributions to retirement benefits scheme | 547 | 430 |
| Total staff costs | <u>18,710</u> | <u>30,703</u> |
| Auditor's remuneration: | | |
| – Audit services | 950 | 900 |
| – Non-audit services | 436 | 395 |
| Cost of inventories recognised as expenses | 47,991 | 166,162 |
| Depreciation of property, plant and equipment | 780 | 968 |
| Depreciation of right-of-use assets | 2,650 | 4,159 |
| 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 | 540 | 576 |
| Direct operating expenses arising from investment properties that did not generated rental income during the year | 224 | 195 |
| Expenses relating to short-term leases | – | 1,422 |
| Loss on early redemption of promissory note | 156 | – |
| Loss on early termination of a lease agreement | 436 | 22 |
| (Reversal of)/provision for credit loss allowances on loan and interest receivables, net | (206) | 1,433 |
| Provision for credit loss allowances on trade receivables, net | 2,997 | 125 |
| Provision for credit loss allowances on other receivables, net | 189 | – |
| Reversal of ECL on loan commitment, net | (136) | (687) |
| Share-based payment expenses for consultants | <u>228</u> | <u>7,900</u> |

9. INCOME TAX (CREDIT)/EXPENSE

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|---|------------------------|------------------------|
| The PRC Enterprise Income Tax (“EIT”) | | |
| – Current tax | – | 4,140 |
| – Under-provision in prior years | 288 | – |
| Withholding Tax | <u>391</u> | <u>576</u> |
| | 679 | 4,716 |
| Deferred tax credited to profit or loss | <u>(721)</u> | <u>(123)</u> |
| Income tax (credit)/expense | <u><u>(42)</u></u> | <u><u>4,593</u></u> |

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

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax under these jurisdictions during the year (2020: Nil).

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

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

The PRC EIT has been provided at the rate of 25% (2020: 25%) on the taxable profits of the Group’s subsidiaries in the PRC during the year ended 31 December 2021. 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 (2020: Nil).

11. LOSS PER SHARE

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

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|---|------------------------|------------------------|
| Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share | <u>(7,637)</u> | <u>(38,003)</u> |

Number of shares

| | 2021 '000 | 2020 '000 (Restated) |
|--|---------------|----------------------------|
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | <u>50,201</u> | <u>37,416</u> |

The weighted average number of ordinary shares used to calculate the basic and diluted loss per share for both years have been adjusted to reflect the share consolidation after the reporting period. Accordingly, the basic and diluted loss per share for the year ended 31 December 2020 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

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|---------------------------------------|------------------------|------------------------|
| Listed securities, at fair value: | | |
| Equity securities listed in Hong Kong | <u>97,308</u> | <u>220,117</u> |

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

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|--|------------------------|------------------------|
| At 1 January | 220,117 | 270,627 |
| Additions | 112 | 22,041 |
| Additions in relation to share swap (<i>Note</i>) | 11,400 | – |
| Disposal | (89,114) | (36,692) |
| Changes in fair value through other comprehensive income | <u>(45,207)</u> | <u>(35,859)</u> |
| At 31 December | <u><u>97,308</u></u> | <u><u>220,117</u></u> |

Note:

On 24 August 2021, the Company has entered into the Share Swap Agreement (as defined in section headed “**Capital Structure**”) with CA Cultural Technology Group Limited (“**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 allotted 95,000,000 shares of the Company at fair value of HKD11,400,000 and 4,000,000 shares of CA Cultural were recognised as financial assets at FVTOCI at HKD2.85 per share totaling HKD11,400,000 and HKD1,900,000 was credited to issued share capital and the remaining balance of HKD9,500,000 was credited to the share premium account.

The balance as at 31 December 2021 represents three (2020: three) listed equity securities which are listed on the Stock Exchange. Details are as follows:

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|---|------------------------|------------------------|
| Equity securities listed in Hong Kong | | |
| CMBC Capital Holdings Limited (“ CMBC Capital ”) (<i>Note (i)</i>) | 91,287 | 198,401 |
| Central Wealth Group Holdings Limited (“ Central Wealth ”) (<i>Note (ii)</i>) | 4,221 | 18,152 |
| Huasheng International Holding Limited (“ Huasheng ”) (<i>Note (iii)</i>) | – | 3,564 |
| CA Cultural Technology Group Limited | <u>1,800</u> | <u>–</u> |
| At 31 December | <u><u>97,308</u></u> | <u><u>220,117</u></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 2021, the dividends received from those equity securities were approximately HKD3,676,000 (2020: HKD5,196,000).

Notes:

- (i) As detailed in the announcement headed “Possible Very Substantial Disposal Mandate for Disposal(s) of Listed Securities” of the Company dated 20 May 2021 and the circular headed “Possible Very Substantial Disposal Mandate for Disposal(s) of Listed Securities and Notice of Extraordinary General Meeting” of the Company dated 22 July 2021, the Group sought a further disposal mandate to dispose of up to 1,111,230,000 shares of CMBC Capital in order to have an investment portfolio with less securities investments and to solidify the financial and cash position of the Group. The resolution was passed at the extraordinary general meeting (“EGM”) on 18 August 2021.

During the year ended 31 December 2021, 725,350,000 (2020: 274,980,000) shares of CMBC Capital was disposed at approximately HKD77,153,000 (2020: HKD33,317,000) and resulted in a fair value loss of approximately HKD283,723,000 (2020: HKD109,678,000) reclassified from fair value reserve to retained earnings/(accumulated losses).

- (ii) During the year ended 31 December 2021, the Group disposed 485,520,000 (2020: 4,133,334) shares of Central Wealth at approximately HKD8,228,000 (2020: HKD111,000) to optimise its investment portfolio so as to enhance the financial and cash position of the Group. As a result, a fair value loss of approximately HKD36,043,000 (2020: HKD470,000) was reclassified from fair value reserve to retained earnings/(accumulated losses).
- (iii) During the year ended 31 December 2021, the Group disposed 4,400,000 (2020: Nil) shares of Huasheng at approximately HKD3,733,000 (2020: Nil) to optimise its investment portfolio so as to enhance the financial and cash position of the Group. As a result, a fair value gain of approximately HKD653,000 (2020: Nil) was reclassified from fair value reserve to retained earnings/(accumulated losses).
- (iv) During the year ended 31 December 2020, the Group disposed 2,600,000 shares of Dongwu Cement International Limited at approximately HKD3,264,000 to optimise its investment portfolio so as to enhance the financial and cash position of the Group. As a result, a fair value gain of approximately HKD352,000 was reclassified from fair value reserve to retained earnings/(accumulated losses).

At 31 December 2021, the Group’s financial assets at FVTOCI, with carrying amount of approximately HKD95,189,000 (2020: HKD209,397,000), have been pledged to secure the other borrowings granted to the Group.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|--|------------------------|------------------------|
| Listed securities held for trading, at fair value: | | |
| Equity securities listed in Hong Kong | 1,408 | 1,394 |
| Securities bond issued by a PRC entity | <u>5,390</u> | <u>–</u> |
| | <u>6,798</u> | <u>1,394</u> |

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

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|--|------------------------|------------------------|
| At 1 January | 1,394 | 26,350 |
| Additions | 36,638 | 2,556 |
| Disposals | (27,337) | (14,593) |
| Changes in fair value and net realised loss from disposals | <u>(3,897)</u> | <u>(12,919)</u> |
| At 31 December | <u>6,798</u> | <u>1,394</u> |

The fair values of the financial assets at FVTPL as at 31 December 2021 and 2020 were determined based on the quoted market closing prices on the Stock Exchange. During the year ended 31 December 2021, the dividends received from these equity securities and interest income from debt instrument were approximately HKD139,000 and HKD213,000 (2020: HKD2,000 and Nil) respectively.

14. LOAN AND INTEREST RECEIVABLES

| | | 2021 | 2020 |
|--|--------------|-----------------------|-----------------------|
| | <i>Notes</i> | <i>HKD'000</i> | <i>HKD'000</i> |
| Current | | 31,733 | 39,564 |
| Non-current | | <u>300,512</u> | <u>298,451</u> |
| | | <u>332,245</u> | <u>338,015</u> |
| Representing: | | | |
| From investment in film industry (including interest receivables of approximately HKD1,441,000) | <i>(i)</i> | <u>–</u> | <u>5,243</u> |
| From money lending business (including interest receivables of approximately HKD11,399,000 (2020: HKD7,581,000)) | <i>(ii)</i> | 353,749 | 354,482 |
| Less: Allowance for credit losses | | <u>(21,504)</u> | <u>(21,710)</u> |
| | | <u>332,245</u> | <u>332,772</u> |
| | | <u>332,245</u> | <u>338,015</u> |

Notes:

(i) From investment in film industry

In prior years, the Group entered into certain loan agreements to provide loans to a film production investor for film distribution. As at 31 December 2020, one of the loans was still outstanding and it was fully settled during the year ended 31 December 2021.

The loans to the film production investor have generated interest income of approximately HKD476,000 during the year ended 31 December 2020. As at 31 December 2020, the loan receivable and interest receivable due from the film production investor were approximately USD488,000 (equivalent to approximately HKD3,802,000) and USD185,000 (equivalent to approximately HKD1,441,000), respectively. The loan is unsecured, bears fixed interest rate at 12% per annum and interest accrued and principal are repayable on the third anniversary of the date of the agreements or under the demand of the Group.

As at 31 December 2020, Mr. Yu Qingrui, a shareholder and an executive director of the Company, agreed to provide guarantee to the Group in respect of the abovementioned loans and related interest. The outstanding loan was past due in October 2020.

(ii) From money lending business

The loan receivables from 13 (2020: 10) independent borrowers bear fixed interest rates ranging from 5% to 8% (2020: 5% to 8%) per annum and repayable according to the respective loan agreements. During the year ended 31 December 2021, 2 (2020: 2) borrowers with loan receivables (net of allowance for credit loss) amounted to approximately HKD55,260,000 (2020: HKD52,722,000) in aggregate provided several properties to the Group as collateral with fair value amounting to approximately RMB38,800,000 (equivalent to approximately HKD47,511,000) (2020: RMB38,800,000 (equivalent to approximately HKD44,907,000)) in aggregate. The loan receivables from the remaining 11 (2020: 8) borrowers with loan receivables (net of allowance for credit loss) amounted to approximately HKD279,985,000 (2020: HKD280,050,000) in aggregate are unsecured.

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

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|---|-------------------------------|------------------------|
| On demand or within 1 year after the end of reporting period | 31,733 | 34,321 |
| More than one year, but not more than two years after the end of reporting period | 284,586 | 26,017 |
| More than two years, but not more than five years after the end of reporting period | 15,926 | 272,434 |
| | <u>332,245</u> | <u>332,772</u> |

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

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

15. TRADE, BILLS AND OTHER RECEIVABLES

| | | 2021 | 2020 |
|--|--------------|-----------------------------|----------------------|
| | <i>Notes</i> | <i>HKD'000</i> | <i>HKD'000</i> |
| Trade receivables, gross | | 17,219 | 43,994 |
| <i>Less:</i> Allowance for credit losses | | <u>(3,176)</u> | <u>(128)</u> |
| Trade receivables, net | <i>(i)</i> | <u>14,043</u> | <u>43,866</u> |
| Deposit, prepayment and other receivables, gross | | 18,806 | 13,900 |
| <i>Less:</i> Allowance for credit losses | | <u>(189)</u> | <u>–</u> |
| Deposit, prepayment and other receivables, net | <i>(ii)</i> | <u>18,617</u> | <u>13,900</u> |
| Bills receivables | <i>(iii)</i> | <u>8,809</u> | <u>24,027</u> |
| | | <u><u>41,469</u></u> | <u><u>81,793</u></u> |

Notes:

(i) Trade receivables

As at 31 December 2021 and 2020, 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:

| | 2021 | 2020 |
|-----------------------------------|-----------------------|----------------|
| | <i>HKD'000</i> | <i>HKD'000</i> |
| 0-30 days | 890 | 26,913 |
| 31-90 days | 1,294 | 12,665 |
| 91-180 days | 5,402 | 1,696 |
| 181-360 days | 5,140 | – |
| Over 360 days | 4,493 | 2,720 |
| Less: Allowance for credit losses | <u>(3,176)</u> | <u>(128)</u> |
| | <u>14,043</u> | <u>43,866</u> |

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

| | 2021 | 2020 |
|-------------------------------|-----------------------|----------------|
| | <i>HKD'000</i> | <i>HKD'000</i> |
| Not yet past due | 890 | 336 |
| Less than 30 days past due | 1,288 | 26,558 |
| 30 days to 90 days past due | 5,333 | 12,656 |
| 90 days to 180 days past due | 4,939 | 1,636 |
| 180 days to 365 days past due | 1,427 | – |
| More than 1 year past due | <u>166</u> | <u>2,680</u> |
| | <u>14,043</u> | <u>43,866</u> |

(ii) Deposit, prepayment and other receivables

As at 31 December 2021, the balance mainly comprised prepayments for inventories amounting to approximately HKD11,686,000 (2020: HKD6,762,000), trade deposit in relation to trading business amounting to approximately HKD1,225,000 (2020: HKD1,192,000), rental income receivables (net of credit loss allowance) in relation to investment properties in the PRC amounting to approximately HKD2,793,000 (2020: HKD1,468,000) and rental deposits paid amounting to approximately HKD313,000 (2020: HKD1,100,000). As at December 2021, the Group recognised a provision for credit loss allowance of HKD189,000 (2020: Nil) on the rental income receivables.

As at 31 December 2021, prepayments for inventories include balances with 成都廣泰威達數控技術股份有限公司 and 成都焊研威達科技股份有限公司 amounting to approximately RMB2,584,000 (equivalent to approximately HKD3,165,000) and RMB1,549,000 (equivalent to approximately HKD1,896,000) (2020: Nil and RMB1,629,000 (equivalent to approximately HKD1,941,000)), respectively.

As at 31 December 2020, the consideration receivables in relation to the disposal of 鉅合(杭州)諮詢管理有限公司 (“鉅合”) amounted to approximately HKD548,000 were fully settled during the year ended 31 December 2021.

(iii) Bills receivables

The Group endorsed certain bill receivables (the “**Endorsed Bills**”) with a carrying amount of approximately HKD8,687,000 (2020: HKD23,872,000) as at 31 December 2021 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 HKD8,687,000 (2020: HKD23,872,000) as at 31 December 2021 (Note 16(i)).

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 (2020: Nil) as at 31 December 2021.

16. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

| | <i>Notes</i> | 2021 HKD'000 | 2020 <i>HKD'000</i> |
|--------------------------|--------------|-------------------------------|------------------------|
| Trade payables | <i>(i)</i> | 18,106 | 47,719 |
| Government loans | <i>(ii)</i> | 10,730 | 10,445 |
| Other payables | <i>(iii)</i> | 3,733 | 2,885 |
| Accruals | | 9,538 | 10,369 |
| Rental deposits received | | 1,686 | 1,575 |
| | | 43,793 | 72,993 |

Notes:

(i) Trade payables

The credit period granted by suppliers of the Group is ranging from 30 to 120 days (2020: 30 to 120 days) for the year. The ageing analysis of the trade payables based on invoice date is as follows:

| | 2021 HKD'000 | 2020 <i>HKD'000</i> |
|---------------|-------------------------------|------------------------|
| 0-30 days | 12,274 | 38,931 |
| 31-90 days | 83 | 3,502 |
| 91-360 days | 3,030 | 3,267 |
| Over 360 days | 2,719 | 2,019 |
| | 18,106 | 47,719 |

The aggregate carrying amount of trade payables under the Endorsement amounted to approximately HKD8,687,000 (2020: HKD23,872,000) as at 31 December 2021, do not meet the de-recognition requirements in HKFRS 9. The corresponding financial assets are included in trade, bills and other receivables (Note 15(iii)).

(ii) **Government loans**

As at 31 December 2021, certain PRC subsidiaries of the Company received government loans amounting to approximately RMB8,763,000 (equivalent to approximately HKD10,730,000) (2020: RMB8,763,000 (equivalent to approximately HKD10,445,000)). Those PRC subsidiaries are required to fulfill certain financial and operating conditions for coming 3 years or 10 years since the date of the government loans agreements. If those PRC subsidiaries were able to fulfill those conditions, the government loans will be forgiven by the government at the end of the specified period. These government loans are charged at an interest rate according to the People's Bank of China. As at 31 December 2021, accrued interest of government loans amounting to approximately HKD844,000 (2020: HKD405,000) was included in accruals.

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

As at 31 December 2021, one of the government loans received by a PRC subsidiary amounting to approximately RMB7,963,000 (equivalent to approximately HKD9,751,000) (2020: RMB7,963,000 (equivalent to approximately HKD9,491,000)), is guaranteed by the legal representative of that PRC subsidiary.

(iii) **Other payables**

As at 31 December 2021, other payables included provision for ECL on loan commitment amounted to approximately HKD2,749,000 (2020: HKD2,885,000) in relation to the undrawn loan commitment amounted to approximately HKD39,000,000 (2020: HKD41,000,000) granted to two (2020: three) borrowers.

| | 2021 | 2020 |
|---|-----------------------|---------------------|
| | <i>HKD'000</i> | <i>HKD'000</i> |
| At 1 January | 2,885 | 3,572 |
| Addition due to new loan commitment granted | – | 1,573 |
| Release due to settlement | 1,023 | – |
| Facility expired | (393) | – |
| Facility utilised | (787) | (2,465) |
| Change in risk parameter | 21 | 205 |
| | <hr/> | <hr/> |
| At 31 December | <u>2,749</u> | <u>2,885</u> |

As at 31 December 2021, other payables include a borrowing with carrying amount of approximately RMB803,000 (equivalent to approximately HKD984,000) (2020: Nil) from an independent third party. The borrowing is interest bearing at 4.35% (2020: Nil) per annum and was matured in October 2021.

17. BANK BORROWINGS

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|---|------------------------|------------------------|
| Secured bank borrowings | <u><u>299,236</u></u> | <u><u>305,009</u></u> |
| <i>Represented by:</i> | | |
| 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) | <u>205,565</u> | 215,520 |
| Carrying amount repayable within one year | <u>93,671</u> | <u>89,489</u> |
| | <u><u>299,236</u></u> | <u><u>305,009</u></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:

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|--|------------------------|------------------------|
| Within one year | <u>93,671</u> | 89,489 |
| More than one year, but within two years | <u>10,154</u> | 9,849 |
| More than two years, but within five years | <u>31,597</u> | 30,797 |
| More than five years | <u>163,814</u> | <u>174,874</u> |
| | <u><u>299,236</u></u> | <u><u>305,009</u></u> |

As at 31 December 2021, 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. (2020: (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)). The weighted average effective interest rates per annum on the bank borrowings are as follows:

| | 2021 | 2020 |
|-------------------------|-----------------------------|-----------------------------|
| Secured bank borrowings | <u><u>2.10% – 3.85%</u></u> | <u><u>2.57% – 3.15%</u></u> |

At 31 December 2021, the Group's bank borrowings are secured by the investment properties amounting to approximately HKD671,000,000 (2020: HKD662,000,000).

18. OTHER BORROWINGS

| | | 2021 | 2020 |
|--------------------------|-------|----------------|----------------|
| | Notes | HKD'000 | HKD'000 |
| Other borrowings due to: | | | |
| Securities Broker A | (i) | – | 18,310 |
| Securities Broker B | (ii) | 72,961 | 90,493 |
| Securities Broker C | (iii) | 34,906 | 34,906 |
| CWSI | (iv) | 1,103 | – |
| | | <u>108,970</u> | <u>143,709</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 (2020: HKD60,000,000) at an interest rate of 7.5% (2020: 9.5%) per annum payable in arrears.

At 31 December 2021, the Group has fully repaid the margin loan to Securities Broker A (2020: utilised approximately HKD18,310,000 from the margin loan facility).

(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 (2020: HKD125,000,000). At 31 December 2021, the Group has utilised approximately HKD72,961,000 (2020: HKD90,493,000) of the margin loan facility granted by Securities Broker B at an interest rate of 7.5% (2020: 9%) per annum.

(iii) Securities Broker C

On 8 June 2018, Golden Horse entered into a revolving loan account client agreement (the “**Revolving Loan Agreement**”) with Securities Broker C, an independent authorised financial institution. Pursuant to the Revolving Loan Agreement, Securities Broker C provided a revolving loan facility to the Group up to HKD35,000,000 (2020: HKD35,000,000) at an interest rate of HKD Prime Rate – 2% per annum. At 31 December 2021, the Group has utilised approximately HKD34,906,000 (2020: HKD34,906,000) of the margin loan facility granted by Securities Broker C.

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

In 2018, the Company entered into certain services agreements with CWSI, a subsidiary of Central Wealth (the “**Margin Financier**”). Pursuant to the services agreements, the Margin Financier provided a margin loan facility to the Group with daily maximum amounts not exceeding HKD100,000,000 and margin loan interest not exceeding HKD8,000,000 per annum. The other borrowings due to the Margin Financier would be repayable on demand and may be varied or terminated in the absolute discretion of the Margin Financier. At as 31 December 2021, the Group has utilised approximately HKD1,103,000 (2020: Nil) of the margin loan facility granted by CWSI.

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

| | | 2021 | 2020 |
|----------------------------|-------------|-----------------------|----------------|
| | <i>Note</i> | <i>HKD’000</i> | <i>HKD’000</i> |
| Investment properties | | 287,000 | 283,000 |
| Financial assets at FVTOCI | <i>12</i> | <u>95,189</u> | <u>209,397</u> |

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:

| | 2021 | 2020 |
|------------------------------|-----------------------|----------------|
| | <i>HKD’000</i> | <i>HKD’000</i> |
| Within one year or on demand | <u>108,970</u> | <u>143,709</u> |

Partial of the other borrowings amounting to approximately HKD72,961,000 (2020: HKD108,803,000) are subject to the fulfilment of covenants, but certain covenants have not been fulfilled. The directors of the Company do not consider that it is probable that the securities brokers will exercise their discretion to demand immediate repayment. The directors of the Company believe that such other borrowings will be repaid in accordance with the scheduled repayment dates as determined by the agreements.

19. PROMISSORY NOTE

| | 2021 <i>HKD'000</i> | 2020 <i>HKD'000</i> |
|--|------------------------|------------------------|
| At 1 January | – | – |
| Addition for acquisition of an investment property | 13,800 | – |
| Imputed interest expenses recognised in profit or loss (<i>Note 7</i>) | 188 | – |
| Early redemption | <u>(13,988)</u> | <u>–</u> |
| At 31 December | <u>–</u> | <u>–</u> |

The Group completed the acquisition of an investment property on 6 October 2021, at a consideration of HKD40,000,000. Part of the consideration was satisfied by issuance of a promissory note with principal amount of HKD14,020,000..

The promissory note is bearing fixed interest at 5.00% per annum and mature on 6 October 2023. The promissory note can be early redeemed by the Company at all or part of the outstanding principal amount of the promissory note.

The promissory note is measured at fair value amounting to HKD13,800,000. The fair value of the promissory note is determined at date of issuance. The effective interest rate of the promissory note on initial recognition and the subsequent measurement of interest expense on the promissory note are calculated using effective interest rate of 6.52% per annum.

In December 2021, the promissory note was early redeemed by the Group with the balances of principal and interest of approximately HKD14,020,000 and HKD124,000 respectively, resulting in a loss on early redemption of the promissory note which was approximately HKD156,000 (2020: Nil) and was recognised in the profit or loss.

20. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2021

Disposal of 上海祖昆夫特文化科技有限公司 (“祖昆夫特”)

On 18 June 2021, a wholly-owned subsidiary of the Company, 江蘇未徠哈工漫威機器人有限公司 (“漫威”) entered into a sales and purchase agreements with an independent third party, pursuant to which 漫威 agreed to dispose of 51% equity interest in 祖昆夫特 (representing the entire equity interest in 祖昆夫特 held by the Group) with an aggregate cash consideration RMB1 (equivalent to approximately HKD1) (the “Disposal”). The Disposal was completed on 10 August 2021. As at 10 August 2021, 祖昆夫特 held 100% equity interest in 未徠絲路(揚州)文化科技有限公司 (“未徠絲路”) (formerly known as 江蘇未徠思路國際貿易有限公司).

The principal activities of 祖昆夫特 and 未徠絲路 are trading of anime products in PRC and trading business in PRC respectively.

The breakdown of consolidated assets/(liabilities) of 祖昆夫特 and 未徠絲路 as at 10 August 2021, the completion date of Disposal, and the consideration of Disposal are as follow:

| | <i>HKD'000</i> |
|--|------------------|
| Property, plant and equipment | 6 |
| Trade and other receivables | 85 |
| Inventories | 1,402 |
| Cash and bank balances | 148 |
| Accruals and other payables | (2,094) |
| Tax payable | <u>(35)</u> |
| Net liabilities of 祖昆夫特 and 未徠絲路 disposed of | (488) |
| Non-controlling interests (<i>Note</i>) | 213 |
| Release of translation reserve | 11 |
| Gain on disposal of subsidiaries | <u>264</u> |
| Total consideration to be satisfied by cash | <u><u>—*</u></u> |

Cashflow movement in relation to the disposal during the year ended 31 December 2021:

| | <i>HKD'000</i> |
|--------------------------------------|---------------------|
| Cash consideration received | —* |
| Cash at bank disposed of | <u>(148)</u> |
| Net cash outflow arising on Disposal | <u><u>(148)</u></u> |

Note: The balance of non-controlling interest of approximately HKD213,000, representing the paid-up capital by and accumulated loss shared to the non-controlling shareholder.

* *amount less than HKD1,000*

For the year ended 31 December 2020

(a) Disposal of Future Finet Limited (“Future Finet”)

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

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

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

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

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

| | <i>HKD'000</i> |
|---|---------------------|
| Cash consideration received | 7,000 |
| Cash at bank disposed of | <u>(6)</u> |
| Net cash inflow arising on disposal of a subsidiary | <u><u>6,994</u></u> |

(b) Disposal of 鉅合

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

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

| | <i>HKD'000</i> |
|--|-------------------|
| Property, plant and equipment | 35 |
| Trade and other receivables | 144 |
| Cash and bank balances | 521 |
| Accruals and other payables | <u>(395)</u> |
| Net assets of 鉅合 disposal of | 305 |
| Non-controlling interests (<i>Note (i)</i>) | 25 |
| Gain on disposal of a subsidiary | <u>218</u> |
| Total consideration to be satisfied by cash (<i>Note (ii)</i>) | <u><u>548</u></u> |

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

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

Notes:

- (i) The Group and the non-controlling shareholder agreed to contribute RMB5,100,000 (equivalent to approximately HKD5,590,000) and RMB4,900,000 (equivalent to approximately HKD5,371,000) in 鉅合 on its date of incorporation. Up to the completion date of disposal, the share capital of 鉅合 was contributed by the Group and the non-controlling shareholder amounted to RMB500,000 (equivalent to approximately HKD547,000) and RMB167,000 (equivalent to approximately HKD183,000) respectively, and the accumulated loss shared to the Group and the non-controlling shareholder amounted to approximately RMB198,000 (equivalent to approximately HKD217,000) and approximately RMB190,000 (equivalent to approximately HKD208,000) respectively.

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

- (ii) The consideration amounted to approximately HKD548,000 was included in other receivable as disclosed in Note 15 which was fully settled during the year ended 31 December 2021.

21. ACQUISITION OF SUBSIDIARIES

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

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

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

| | <i>HKD'000</i> |
|---|------------------|
| Inventories | 184 |
| Trade and other receivables and prepayments (<i>Note (i)</i>) | 5,786 |
| Cash and bank balances | 31 |
| Trade payables | (2,262) |
| Accruals and other payables | <u>(3,683)</u> |
| Total identifiable net assets | 56 |
| Non-controlling interests (<i>Note (ii)</i>) | (25) |
| Gain from a bargain purchase | <u>(28)</u> |
| Total consideration | <u><u>3</u></u> |
| Total consideration satisfied by: | |
| Cash | <u><u>3</u></u> |
| Acquisition-related costs (included in administrative expenses) | <u><u>33</u></u> |

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

| | <i>HKD'000</i> |
|--------------------------------|------------------|
| Cash consideration paid | (3) |
| Cash at bank acquired | <u>31</u> |
| Net cash inflow on acquisition | <u><u>28</u></u> |

Notes:

- (i) The gross contractual undiscounted balances amounted to approximately HKD4,240,000, which the fair values of these trade and other receivables at the acquisition date were estimated to be approximately HKD4,240,000. Trade and other receivables are due from various group of debtors and the directors of the Company consider the credit risk of these parties is low. The remaining balance included in trade and other receivables and prepayments, represents prepayments of approximately HKD1,546,000.
- (ii) The non-controlling interests of 45% in 揚州哈工漫威 recognised at the acquisition date were measured at the non-controlling interests' proportionate share of the identifiable net assets of 揚州哈工漫威 at the acquisition date.

The acquired business contributed revenue of approximately HKD23,149,000 and net profit after income tax of approximately HKD2,768,000 for the period from 17 March 2020 to 31 December 2020. If the acquisition had occurred on 1 January 2020, pro forma consolidated revenue and pro forma consolidated loss of the Group for the year ended 31 December 2020 would have been approximately HKD234,901,000 and HKD31,096,000 respectively.

(b) Acquisition of 合肥哈工威達智能裝備有限公司 (“哈工威達智能裝備”, together with its non-wholly-owned subsidiaries, “哈工威達智能裝備 Group”)

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

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

| | <i>HKD'000</i> |
|---|-------------------|
| Trade and other receivables and prepayments (<i>Note (i)</i>) | 7,656 |
| Bills receivables (<i>Note (i)</i>) | 5,967 |
| Cash and bank balances | 5,376 |
| Accruals and other payables | <u>(18,432)</u> |
| Total identifiable net assets | 567 |
| Non-controlling interests (<i>Note (ii)</i>) | (88) |
| Gain from a bargain purchase | <u>(9)</u> |
| Total consideration | <u><u>470</u></u> |
| Total consideration satisfied by: | |
| Cash | <u><u>470</u></u> |
| Acquisition-related costs (included in administrative expenses) | <u><u>21</u></u> |

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

| | <i>HKD'000</i> |
|--------------------------------|---------------------|
| Cash consideration paid | (470) |
| Cash at bank acquired | <u>5,376</u> |
| Net cash inflow on acquisition | <u><u>4,906</u></u> |

Notes:

- (i) The gross contractual undiscounted balances amounted to approximately HKD8,002,000, of which balances of approximately HKD2,035,000 and approximately HKD5,967,000 are trade and other receivables and bills receivables, respectively. The fair values of these trade and other receivables and bills receivables at the acquisition date were estimated to be approximately HKD8,002,000. Trade and other receivables and bills receivables are due from various group of debtors and the directors of the Company consider the credit risk of these parties is low. The remaining balance included in trade and other receivables and prepayments, represents prepayments of approximately HKD5,621,000.

- (ii) The non-controlling interests of non-wholly-owned subsidiaries of 哈工威達智能裝備 were recognised at the acquisition date, which were measured at the non-controlling interests' proportionate share of the identifiable net assets of those non-wholly-owned subsidiaries of 哈工威達智能裝備 at the acquisition date.

The acquired business contributed revenue of approximately HKD157,209,000 and net profit after income tax of approximately HKD13,516,000 for the period from 15 April 2020 to 31 December 2020. If the acquisition had occurred on 1 January 2020, pro forma consolidated revenue and pro forma consolidated loss of the Group for the year ended 31 December 2020 would have been approximately HKD235,720,000 and HKD30,970,000 respectively.

22. EVENT AFTER THE REPORTING PERIOD

Saved as disclosed in above notes, the Group has below events after the reporting period:

- (a) 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 and announced the proposed rights issue on the basis of three rights share for every two consolidated shares.

Pursuant to an ordinary resolution passed on 21 February 2022, the share consolidation and the proposed rights issue were approved by the shareholders of the Company and the share consolidation 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. The proposed rights issue was not yet completed as at the date of this announcement.

Details of the share consolidation and the rights issue were set out in the Company's announcements dated 15 December 2021, 31 January 2022, 21 February 2022 and 7 March 2022, and the Company's circular dated 31 January 2022.

- (b) 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, 揚州桓武科技有限公司, a 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 consideration an aggregate consideration of RMB1 subject to and conditional upon the terms of the Sale and Purchase Agreement. As at 31 December 2021, 江蘇未徠棟楠科技有限公司 is the registered holder of 55% (2020: 55%) of the registered capital of 江蘇未徠哈工漫威機器人有限公司. As the date of this announcement, the transaction has completed. According, 江蘇未徠哈工漫威機器人有限公司 ceased to be a subsidiary of the Group.

Details of the transaction was set out in the Company's announcements dated 10 January 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenue for the year ended 31 December 2021 has decreased to HKD85,991,000, which is 63.4% lower compared with the revenue of approximately HKD234,659,000 for the year ended 31 December 2020. The decrease of revenue was mainly attributed to the decrease in revenue of the segment of high technology business. Details of high technology business are set out in "High Technology Business" section at below. The Group recorded a net loss of approximately HKD18,755,000 for the year ended 31 December 2021 (2020: net loss of HKD31,150,000). The decrease in net loss was mainly attributable to net effect of (i) the Group recorded a loss of approximately HKD23,473,000 from the segment of high technology business (2020: profit of approximately HKD21,823,000); (ii) fair value gain of investment properties of approximately HKD16,368,000 (2020: fair value loss of approximately HKD3,125,000); (iii) reversal of provision for credit loss allowances on loan and interest receivables of approximately HKD206,000 (2020: provision for credit loss allowances of approximately HKD1,433,000); (iv) realised loss on investments at fair value through profit or loss of approximately HKD4,110,000 (2020: realised loss of approximately HKD13,067,000) and; (v) decrease in share-based payment expenses of approximately HKD14,675,000.

The Group recorded a net loss of approximately HKD7,637,000 attributable to shareholders of the Company for the year ended 31 December 2021 (2020: net loss of HKD38,003,000) and basic loss per share of HKD0.15 for the year ended 31 December 2021 (2020: basic loss per share of HKD1.02 (restated)).

BUSINESS REVIEW

The continued outbreak of the novel coronavirus (COVID-19) pandemic and the variant virus of COVID-19 in 2021, it mainly affected the high technology business development as a result of disruption in global supply chain. The Group will keep continuous attention on the situation of the COVID-19, assess and react actively to its impact on the financial position and operating results of the Group.

High Technology Business

Innovation and technology is an important growth engine for future economic development. Technology is leading the world into a new era, bringing with it a dramatic shift in the global economy. Leveraging on the expertise and experience of the directors and key management personnel, the Group has involved in high technology business from last year 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 2021, revenue of approximately HKD48,728,000 was generated (2020: HKD180,358,000) and a loss of approximately HKD23,473,000 (2020: profit of approximately HKD21,823,000) was recorded for the segment of high technology business. The decrease in revenue was mainly due to disruption in global supply chain as a result of the COVID-19 pandemic. During the year ended 31 December 2021, the Group performed impairment review on non-financial assets of high technology business cash generating unit and provided of approximately HKD1,068,000 (2020: Nil) and HKD5,488,000 (2020: Nil) impairment loss on property, plant and equipment and right-of-use assets respectively.

During the year ended 31 December 2021, 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 education background and years of experience in robotic related business, and their experiences and expertise cover mechanical and robotic engineering, mechanical designs and electrical designs. The Board considers that the development in high technology business will contribute positively to the revenue 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.

As at 31 December 2021, the operation team for the High Technology business segment comprises approximately 26 members of staff splitting across different departments of the Group.

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 96 squared 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 2021, the Group recorded rental income of HKD7,016,000 (2020: HKD12,488,000) and fair value gain of HKD16,368,000 (2020: fair value loss of HKD3,125,000) arising from change in fair value of investment properties from the property investment segment.

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

Treasury business

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

Securities trading and investment business

The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. The securities investments were classified under financial assets at fair value through other comprehensive income (“**FVTOCI**”) and financial assets at fair value through profit or loss (“**FVTPL**”) in the consolidated financial statements. During the year, the Group’s securities trading portfolio comprised of equity securities of CMBC Capital Holdings Limited (“**CMBC Capital**”, stock code: 1141), Central Wealth Group Holdings Limited (“**Central Wealth**”, stock code: 139), CA Cultural Technology Group Limited (“**CA Cultural**”, stock code: 1566) and China Evergrande New Energy Vehicle Group Limited (“**Evergrande Vehicle**”, stock code: 708) listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

In light of the uncertainty in the future global economy with the recent COVID-19 outbreak, together having considered the funding needs of the Group, the Group disposed of part of the securities investments in order to realise its investments and to allow the Group to reallocate its resources to areas with better potential. As a whole, the securities trading and investment segment recorded a loss of approximately HKD12,500,000 during the year ended 31 December 2021 (2020: HKD24,472,000). The loss was mainly due to finance costs of approximately HKD10,912,000 during the year ended 31 December 2021 (2020: HKD14,402,000). The Group recorded HKD3,815,000 dividend income (2020: HKD5,198,000) and interest income from securities bond of HKD213,000 (2020: Nil). Besides, the Group recorded net realised loss of approximately HKD4,110,000 (2020: HKD13,067,000) and recorded unrealized gain on securities investment under FVTPL of approximately HKD213,000 (2020: HKD148,000). For the securities investment under FVTOCI, the Group recorded a fair value loss of approximately HKD45,207,000 during the year ended 31 December 2021 (2020: HKD35,859,000) through other comprehensive income.

As at 31 December 2021, details of the securities investments held are as follows:

| Name of the investees | Number of shares held | Percentage of equity interests as at 31.12.2021 | Original cost of the interest as at 31.12.2021 HKD'000 | Market value of the interests as at 31.12.2021 HKD'000 | Fair value gain/(loss) for the year HKD'000 | Release of fair value reserve/Realised gain/(loss) for the year HKD'000 |
|--------------------------------------|-----------------------|---|---|---|--|--|
| FVTOCI | | | | | | |
| CMBC Capital (Stock code: 1141) | 18,900,000 | 1,609% | 193,419 | 91,287 | (10,028) | (263,681) |
| Central Wealth (Stock code: 139) | 422,085,316 | 2.643% | 43,370 | 4,221 | (4,221) | (34,561) |
| CA Cultural (Stock code: 1566) | 4,000,000 | 0.406% | 11,400 | 1,800 | (9,600) | - |
| Subtotal | | | <u>248,189</u> | <u>97,308</u> | <u>(23,849)</u> | <u>(298,242)</u> |
| FVTPL | | | | | | |
| Evergrande Vehicle (Stock code: 708) | 400,000 | 0.004% | 1,200 | 1,408 | 208 | 892 |
| Bond listed in PRC | N/A | N/A | 5,390 | 5,390 | 5 | - |
| Subtotal | | | <u>6,590</u> | <u>6,798</u> | <u>213</u> | <u>892</u> |
| Total | | | <u>254,779</u> | <u>104,106</u> | <u>(23,636)</u> | <u>(297,350)</u> |

As at 31 December 2021, the Group held securities investment portfolio with market value of approximately HKD104,106,000 (31 December 2020: HKD221,511,000). Except for the investment in CMBC Capital, at 31 December 2021, 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 business of brokerage and related services, securities investment and provision of finance. China Minsheng Banking Corporation Limited, one of the largest private banks in the PRC has indirect interest in over 60% of the issued shares capital of CMBC Capital as at 31 December 2021.

As mentioned in its interim report for the six months ended 30 June 2021, the CMBC Capital Group has recorded net profit amounted to approximately HKD201 million, representing an increase of approximately 21.6% when compared to the six months ended 30 June 2020 of HKD165 million. The CMBC Capital Group’s basic and diluted earnings per share for the period were both HK0.42 cents (2020: both HK0.35 cents). Revenue has decreased by approximately 8.1% to approximately HKD461 million for the six months ended 30 June 2021, compared to approximately HKD502 million for the six months ended 30 June 2020.

The share price of CMBC Capital closed at HKD4.83 as at 31 December 2021 (31 December 2020: HKD5.72).

Central Wealth

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

As mentioned in Central Wealth’s annual result announcement for the year ended 31 December 2021, the net loss was approximately HKD371 million as compared to net profit of approximately HKD28 million for the year ended 31 December 2020. Basic loss per share attributable to ordinary equity holders of the parent for the year was approximately HK2.32 cents (2020: basic earnings per share HK0.18 cents). The Central Wealth Group recorded a revenue of approximately HKD244 million for the year ended 31 December 2021, compared to a revenue of approximately HKD670 million for the year ended 31 December 2020.

The share price of Central Wealth closed at HKD0.01 as at 31 December 2021 (31 December 2020: HKD0.02).

CA Cultural

CA Cultural is an investment holding company. The CA Cultural Group is a multimedia animation entertainment group in China, engaged in the business of sales of animation-derived products featuring a wide range of popular third-party owned animation characters, including general plastic toys and food-grade toys. The CA Cultural Group also offers relevant value-added services, including quality control and advice on product design to customers in accordance with their requests.

As mentioned in CA Cultural's interim report for the six months ended 30 September 2021, its net profit for the period was approximately HKD15 million as compared to approximately HKD18 million for the six months ended 30 September 2020. Basic earnings per share for the period was approximately HK0.02 cents (30 September 2020: HK0.03 cents).

The share price of CA Cultural closed at HKD0.450 as at 31 December 2021 (31 December 2020: HKD2.42).

Evergrande Vehicle

The principal business activities of Evergrande Vehicle and its subsidiaries (the “**Evergrande Vehicle Group**”) include the technology research and development and manufacturing of, and sales services in respect of new energy vehicles, as well as health management businesses including “Internet+” community health management, international hospitals, elderly care and rehabilitation.

As mentioned in its interim report for the six months ended 30 June 2021, the Evergrande Vehicle Group recorded a total revenue of approximately RMB6,923 million (2020: RMB4,510 million). The Evergrande Vehicle Group has reported a net loss of approximately RMB4,822 million (2020: RMB2,457 million) for the period ended 30 June 2021. The basic and diluted loss per share for the period were both RMB51.310 cents (2020: both RMB26.319 cents).

The Evergrande Vehicle Group actively responds to the national strategy of building a strong country through science and technology, and forayed into the new energy automobile industry with a huge market scale by forward planning. Through the closed loop of technology and data, the Evergrande Vehicle Group will provide safe and convenient products and services for users and create an intelligently connected mobile space of “car and home integration”, and establish Hengchi as a world-renowned Chinese automobile brand with the combination of constantly updating software and high-end smart hardware.

The Evergrande Vehicle Group proactively implements the national strategy of “Healthy China”. Adhering to its corporate vision of “enhancing the healthy living standards for the general public”, and centering on the healthcare needs of the general public, The Evergrande Vehicle Group has created a membership mechanism on all-round healthy life for all-age populations, and established a multi-level hierarchical medical care, high-precision health management, all-age health care and diversified elderly care system, thereby comprehensively enhancing the healthy living standards for the general public.

The share price of Evergrande Vehicle Group closed at HKD3.52 as at 31 December 2021 (31 December 2020: HKD30.20).

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 of 2015 in Hong Kong and Globally Finance holds 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.

Through the business and social networks of the management of the Company, Globally Finance would identify and be referred potential customers, which would be corporate customers including listed companies and individual customers with personal wealth. Globally Finance would then assess the credit of such potential customers based on its credit policy and procedure. 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.

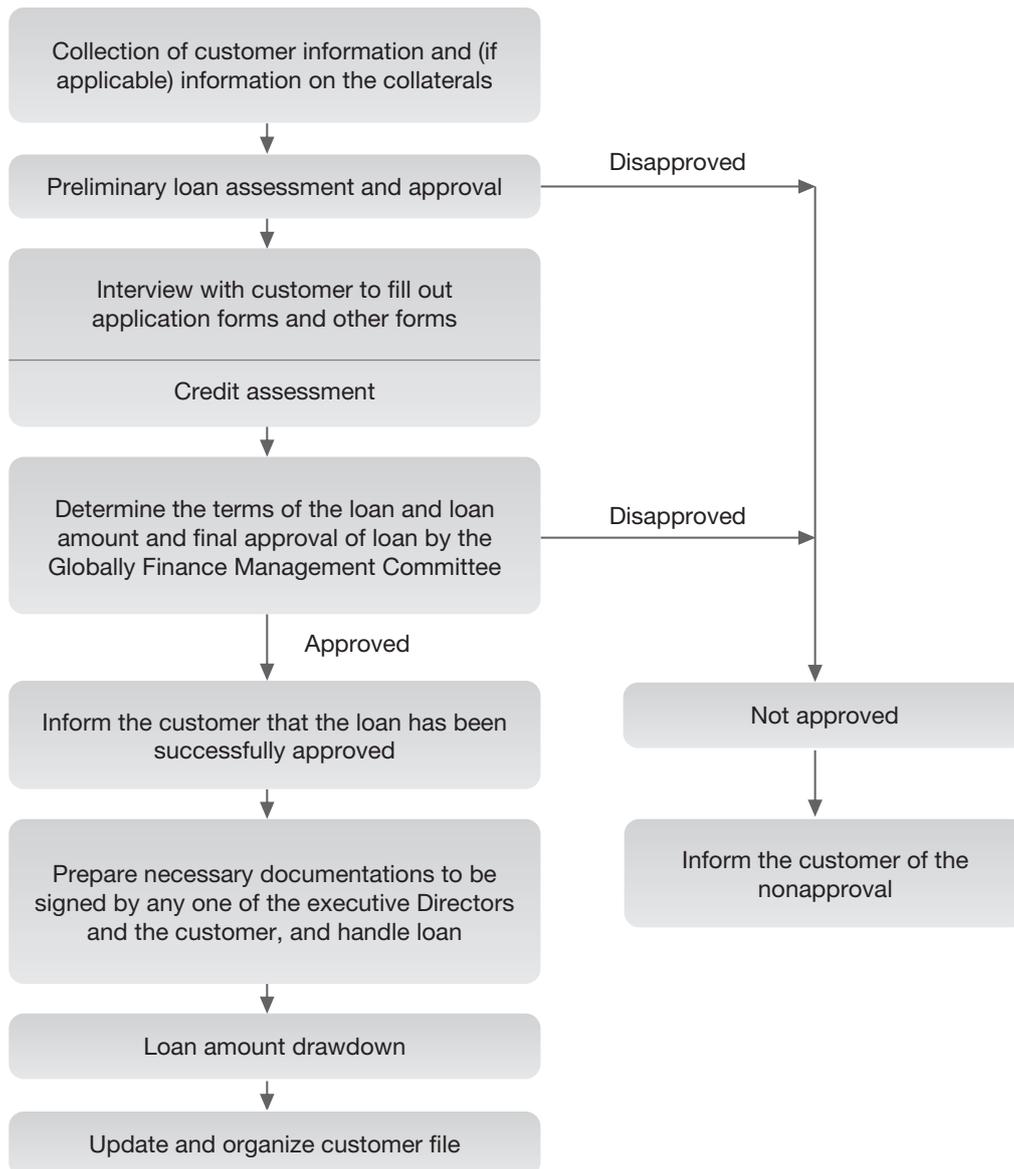
Globally Finance is operated and managed by its management committee. Globally Finance is under the supervision of the executive directors of the Company, who have years of experience in accounting, corporate development and/or financial management experience and have overseen the business operations of Globally Finance since its incorporation in early 2015.

An expanded loan portfolio contributed to the on-going improvement in the Group's operating profit. As at 31 December 2021, the interest rate charged to outstanding loans receivable ranged from 5% to 7% (2020: 5% to 8%) per annum. Interest income from the Group's money lending business during the year ended 31 December 2021 amounted to approximately HKD22,330,000, showing a decrease of approximately 2.8% from approximately HKD22,985,000 in 2020. Operating profit from this business segment amounted to approximately HKD19,987,000, which was approximately 7.8% lower than that of approximately HKD21,684,000 in 2020.

As at 31 December 2021, the total loan and interest receivables amounted to HKD353,749,000 (2020: HKD354,482,000). The Group's five largest loan receivables and interest receivables amounted to approximately HKD319,005,000 or 90.2% of the Group's total loan receivables and interest receivables, of which approximately HKD243,420,000 or 68.8% was made to the largest customer. For more further information in relation to the loan and interest receivables, please refer to Note 14 to this results announcement.

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. For the material lending transactions, Globally Finance shall conduct credit review procedures in accordance with the standard commercial practices for the purpose of determining of the ability of applicants to meet their financial obligations. 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 provided and
- D) others, e.g. external market condition, legal compliance etc.



Upon receiving all 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. Interest rate shall not exceed the threshold set out in the Cap 163 Money Lenders Ordinance (Cap 163 of the Laws of Hong Kong).

During the year ended 31 December 2021, the Group assessed and estimated credit loss allowances 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. General provision will not be provided for all loans outstanding. Only a specific provision will be provided if particular customer(s) are identified to be in financial difficulties and Globally Finance assesses that it is highly unlikely the loan can be recovered. For the loans which are classified as ‘Loss’ should be written off, and the final approval should be obtained from Globally Finance’s management committee.

Globally Finance will conduct periodical 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 periodical 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 customer is required to disclose the following material change in his 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.

A customer may initiate a financial review should it wish to demonstrate certain improvements in its ability to meet financial obligations to the Globally Finance. Consideration will be given to the evidence of improvements in a customer's financial condition presented by the customer. Decisions as to the appropriateness of customer's credit limit and assurance requirement will be made at the discretion of Globally Finance.

Normally, Globally Finance will assess the repayment ability and the risk of payment of the loan each borrower on risk default assessment form half a year or a year except the high risk borrowers.

Based on the result of credit assessment on debtors, the credit loss allowances as at 31 December 2021 was approximately HKD21,504,000 (2020: HKD21,710,000), and reversal of provision for credit loss allowances for debtors of approximately HKD206,000 was credited to consolidated profit or loss for the year ended 31 December 2021 (2020: provision for credit loss allowance of HKD1,433,000).

Investment in film industry

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

| Date of agreement | Film project | Investment/ Advancement amount | Annual interest rate | Investment return | Carrying amount of investment | |
|-------------------|------------------|--------------------------------------|----------------------------|----------------------|-------------------------------|----------------------------------|
| | | | | | as at 31.12.2021 | as at 31.12.2020 |
| | | | | | <i>HKD</i> | |
| 11.10.2017 | Two Days 《兩天》 | USD487,500 | 12% | Nil | – (5,243,000) | Loan and interest receivables |

During the year ended 31 December 2021, no interest income was generated (2020: HKD476,000) and a loss of approximately HKD47,000 (2020: HKD185,000) from the segment of investment in film industry. The Group will continue to seek for business opportunity in the investment in film industry.

Trading business and related services

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

Facing the outbreak of the novel coronavirus (COVID-19) pandemic, the Group has ordered mask production lines and commenced mask production in April 2020. The Group has also engaged an independent third party for mask production on an OEM basis. However, with the alleviation of the COVID-19 outbreak since late April 2020 with the free distribution of protective masks (CuMask) by the Hong Kong government, having taken into consideration of the reduction in demand and needs, the Group has ceased its own local mask production and disposed the relevant subsidiary in May 2020 in order to control costs and expenses but retained its OEM mask production in order to keep flexibility. The disposal was completed on 14 May 2020 and the Group recorded a gain on disposal of approximately HKD755,000. In addition, Sky Faith International Investment Limited, a wholly-owned subsidiary of the Company has been, on an exclusive basis, authorised and appointed as the Hong Kong Exclusive Authorisation Distributor (excluding Mainland China) of Wenzhou OJA Biotechnology Co., Ltd. (also known as OJABIO) for (1) COVID-19 Antigen Test Kits; and (2) Real-time PCR Test Kits for COVID-19 (together as the “**Test Kits**”) for a term of three years from 25 November 2020. The Test Kits are effective and efficient detection kits for qualitative determination of the presence of the COVID-19 in human body and can provide affordable “early diagnosis” solution for the society. Relevant certifications have also been obtained for the Test Kits. During the year ended 31 December 2021, the mask and Test Kits products of the Group have been distributed and sold through various retail stores in Hong Kong. Revenue of approximately HKD1,125,000 was generated (2020: HKD3,984,000) and a profit before income tax of approximately HKD153,000 (2020: HKD1,037,000) was recorded during the year ended 31 December 2021.

During the year ended 31 December 2021, revenue of approximately HKD2,797,000 was generated (2020: HKD13,154,000) and a loss of approximately HKD1,843,000 (2020: HKD7,475,000) was recorded as a whole for the segment of trading business and related services. The Group will seek for business opportunities in the trading business.

Licensing of e-commerce platform

During the year ended 31 December 2021, no revenue (2020: Nil) was generated and no profit or loss was incurred (2020: Nil) for the segment of e-commerce business. The Group will continue to look for any potential opportunity in the e-commerce business.

PROSPECTS AND OUTLOOK

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

From year 2019, the Group has embarked on new strategic initiatives and developed the business in relation to high technology and related services business. The high technology business mainly revolves around industrial robot system, 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 the disruption in global supply chain as a result of the COVID-19 pandemic and the increasing geopolitical tension between China and other countries and sanctions having imposed on various high technology China enterprises, the Group is in the course of reviewing its high technology business and it is expected that the revenue contribution by the high technology business segment of the Group in the forthcoming years may be much less in comparison with those in the previous years. The Company will continue to review its business portfolio and will make necessary adjustments to fit in the trading and economic environment that is in the interests of the Company and the Shareholders as a whole. Save for the proposed development of securities brokerage and margin financing business of FW Securities as disclosed in the circular of the Company dated 31 January 2022 in relation to proposed rights issue of the Company, as at the date of this announcement, there is no particular concrete plan on the part of the Company to downsize, cease, disposal of, or expand any of its existing business.

The Directors are optimistic to 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 PRC and international capital to flow into Hong Kong, driving the prospects for Hong Kong stocks to be bright. The Group will seize this opportunity to develop the 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. FW Securities targets to provide securities dealing and advising securities services to its customers. FW Securities will provide broker-dealer services covering the stocks and investment-linked instruments listed in the Stock Exchange. FW Securities may act as an underwriter or a subunderwriter or a placing agent or a sub-placing agent for companies listed or to be listed on the Stock Exchange or shareholders of companies listed or to be listed on the Stock Exchange for their fund raising exercises such as IPOs, rights issues, open offers or placing of new and/or existing shares and debt securities. FW Securities will charge placing or underwriting commission at a rate determined by negotiation with clients which is generally in line with market practice.

FINANCIAL REVIEW

Liquidity, financial resources and funding

During the year ended 31 December 2021, the Group mainly financed its operations by cash generated from operation and bank borrowings. The Group had total bank deposits and cash and bank balances of approximately HKD12,077,000 as at 31 December 2021 (2020: HKD12,491,000). The Group had total borrowings of approximately HKD408,206,000 (2020: HKD448,718,000) are comprised of bank borrowings of approximately HKD299,236,000 (2020: HKD305,009,000) and other borrowings of approximately HKD108,970,000 (2020: HKD143,709,000) as at 31 December 2021.

Among bank borrowings, approximately HKD93,671,000 are repayable within one year, HKD10,154,000 are repayable over one year but not exceeding two years, HKD31,597,000 are repayable over two years but not exceeding five years and HKD163,814,000 are repayable over five years. The bank borrowings bear interest at 2.5% per annum below HKD Prime Rate, 2% per annum over HIBOR (1 month) or 2.5% per annum below HKD Prime rate, whichever is the lower, 2.5% per annum over HIBOR (1 week to 1 month) and fixed rate at 3.85% per annum.

The other borrowings are comprised of margin loans and revolving loan. The margin loan payables bear fixed interest at 7.5% per annum. The margin loan payables are repayable within one year and was guaranteed by the Company. The revolving loan bear fixed interest rate of the bank's HKD Prime Rate – 2% per annum. Details are set out in Note 18 to this result announcement.

The gearing ratio, which is calculated as total borrowings divided by total equity, was 44.60% (2020: 47.07%) as at 31 December 2021. Net assets were approximately HKD915,252,000 (2020: HKD953,233,000) on the same date.

As at 31 December 2021, the Group has total current assets of approximately HKD110,335,000 (2020: HKD154,417,000) and total current liabilities of approximately HKD461,697,000 (2020: HKD533,162,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 0.24 as at 31 December 2021 (2020: 0.29). The decrease in current assets and current ratio was mainly due to the Group and Central Wealth entered into a supplemental loan agreement during the year ended 31 December 2020, pursuant to which Group has granted an aggregate irrevocable loan facility of HKD270,000,000 to Central Wealth with effect from 1 January 2021 and the maturity date of these loans would be extended to 31 December 2023, and the loan receivable was reclassified as non-current assets. Further details of the extension of the loan facility are set out in the Company's announcement dated 7 October 2020 and the Company's circular dated 25 November 2020.

The Group's finance costs for the year was approximately HKD17,005,000 (2020: HKD21,132,000) and was mainly related to interests paid on the bank borrowings and margin loans. The decrease in finance cost was due to the total borrowings decrease during the year.

Pledge of assets

At 31 December 2021, the Group's investment properties, with carrying amount of HKD671,000,000 (2020: HKD662,000,000), have been pledged to secure the bank borrowings granted to the Group.

As at 31 December 2021, the Group had pledged an investment property with carrying amount of HKD287,000,000 (2020: HKD283,000,000) and the securities investment under FVTOCI of approximately HKD95,189,000 (2020: pledged the securities investment under FVTOCI of approximately HKD209,397,000) to secure the other borrowings.

As at 31 December 2021, no bank deposit (2020: EUR160,000, equivalent to HKD1,410,000) has been pledged to a bank for the issuance of a letter of guarantee for trading business.

Foreign currency management

The Group has minimal exposure to foreign currency risks as most of its business transactions, assets and liabilities are principally denominated in 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 2021, the Group had no significant litigations and contingencies.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 46 employees situated in Hong Kong and China (2020: 66 employees). The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the year ended 31 December 2021, the total staff costs including remuneration of directors and chief executive amounted to approximately HKD18,710,000 (2020: HKD30,703,000).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year (2020: Nil).

CAPITAL STRUCTURE

The share capital of the Company only comprises of ordinary shares. As at 31 December 2021 and the date of this announcement, the Company had 1,093,921,858 and 54,696,092 Shares in issue respectively. Details of issued shares adjustment after the end of reporting period are set out in "Share consolidation" under "Events After The End of Reporting Period" below.

Share swap

On 24 August 2021, the Company has entered into a share swap agreement (the “**Share Swap Agreement**”) with 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. The share swap was completed on 8 September 2021. 4,000,000 shares of CA Cultural were recognised as financial assets at fair value through other comprehensive income at HKD2.85 per share totaling HKD11,400,000. And the of issuance 95,000,000 shares amounted to HKD1,900,000 was credited to issued share capital and the remaining balance of HKD9,500,000 was credited to the share premium account.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

EVENTS AFTER THE END OF REPORTING PERIOD

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, 揚州桓武科技有限公司, a 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 consideration an aggregate consideration of RMB1 subject to and conditional upon the terms of the Sale and Purchase Agreement. As at 31 December 2021, 江蘇未徠棟楠科技有限公司 was the registered holder of 55% (2020: 55%) of the registered capital of 江蘇未徠哈工漫威機器人有限公司. As at the date of this announcement, the transaction has completed. 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.

Share consolidation

On 15 December 2021, the Company proposed to implement a share consolidation on the basis that every twenty 20 issued and unissued shares of HKD0.02 each will be consolidated into one consolidated share (“**Consolidation Shares**”) of HKD0.4 each (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 total number of issued shares of the Company was adjusted from 1,093,921,858 to 54,696,092.

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

Proposed rights issue

On 15 December 2021, the Company announced the proposed rights issue (the “**Proposed Rights Issue**”) on the basis of three rights share (the “**Rights Shares**”) for every two Consolidation Shares.

The Proposed Rights Issue was approved by the shareholder of the Company at the extraordinary general meeting of the Company held on 21 February 2022. The Proposed Rights Issue was not completed as at the date of this announcement. Further details of the Proposed Rights Issue are set out in the Company’s announcement dated 15 December 2021 and the Company’s circular dated 31 January 2022.

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 2021 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 2021.

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code (the “**CG Code**”) during the year ended 31 December 2021 as set out in Appendix 14 of the Listing Rules except for the following deviations:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer (“**CEO**”) should be separate people and should not be performed by the same individual. 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 roles of the respective executive Directors and senior management, who are in charge of different functions complement the roles of chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently. The Board understands the importance of complying with the code provision A.2.1 of the Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate person will be nominated to take up the different roles of chairman and chief executive officer.

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. The Independent Non-executive Directors are appointed with no specific term. All Independent Non-executive Directors are subject to the requirement to retire by rotation at least once every three years. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the existing Directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code since their appointment as a Director during the year ended 31 December 2021.

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 2021 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, 29 March 2022

As at the date of this announcement, the Board comprises (i) six executive Directors, namely Mr. Liang Jian, Mr. Yu Zhenzhong, Mr. Cai Linzhan, Mr. Lau Fai Lawrence, Mr. Yu Qingrui and Ms Liao Jianrong; and (ii) four independent non-executive Directors, namely Mr. Chen Pei, Mr. Siu Siu Ling, Robert, Mr. Tam Tak Wah and Mr. Zheng Zongjia.