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**FUTURE WORLD HOLDINGS LIMITED**

**未 來 世 界 控 股 有 限 公 司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 572)**

## **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Future World Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022 (the “**Period**”) together with comparative figures for the corresponding period of 2021 as follows:

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Notes	HKD'000	HKD'000
		(Unaudited)	(Unaudited)
<b>Net realised gain/(loss) from securities trading and investment</b>	4	33	(37)
<b>Revenue</b>	4	29,075	35,682
Cost of sales		(12,017)	(19,620)
<b>Gross profit</b>		17,058	16,062
Other income and gains		590	595
Selling and distribution costs		(1,927)	(1,231)
Administrative expenses		(10,948)	(15,875)
Provision for credit loss allowances on loan and interest receivables, net		(388)	(188)
Reversal of/(provision for) credit loss allowances on trade receivables, net		38	(613)
Reversal of expected credit loss on loan commitment, net		–	272
Change in fair value of financial assets at fair value through profit or loss		(85)	–
Change in fair value of investment properties	11	(4,400)	13,201
Share of loss of an associate		(8)	(5)
Share-based payment expenses		(848)	(1,513)
Gain on disposal of a subsidiary		137	–
<b>Operating (loss)/profit</b>		(748)	10,668
Finance costs	6	(6,683)	(8,672)
<b>(Loss)/profit before income tax</b>	7	(7,431)	1,996
Income tax expense	8	(33)	(696)
<b>(Loss)/profit for the period</b>		(7,464)	1,300

		<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
<i>Notes</i>		<b><i>HKD'000</i></b>	<b><i>HKD'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive (loss)/income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		<b>(8,014)</b>	1,875
Release of exchange reserve upon disposal of a subsidiary		<b>65</b>	–
<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><b>(42,252)</b></u>	<u>(45,938)</u>
<b>Other comprehensive loss for the period, net of income tax</b>		<u><b>(50,201)</b></u>	<u>(44,063)</u>
<b>Total comprehensive loss for the period</b>		<u><b>(57,665)</b></u>	<u>(42,763)</u>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		<b>(5,450)</b>	4,053
Non-controlling interest		<u><b>(2,014)</b></u>	<u>(2,753)</u>
		<u><b>(7,464)</b></u>	<u>1,300</u>
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company		<b>(54,902)</b>	(40,081)
Non-controlling interest		<u><b>(2,763)</b></u>	<u>(2,682)</u>
		<u><b>(57,665)</b></u>	<u>(42,763)</u>
			(Restated)
<b>(Loss)/earnings per share attributable to the owners of the Company</b>	10		
– Basic and diluted		<u><b>HKD(0.08)</b></u>	<u>HKD0.08</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022	31 December 2021
	Notes	HKD'000 (Unaudited)	HKD'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	1,914	2,130
Right-of-use assets	11	295	472
Investment properties	11	854,596	865,687
Interest in an associate		46	56
Financial assets at fair value through other comprehensive income	12	28,073	97,308
Loan receivables	14	295,713	300,512
Deferred tax assets		4,210	4,792
		<u>1,184,847</u>	<u>1,270,957</u>
<b>Current assets</b>			
Inventories		10,274	13,586
Loan and interest receivables	14	44,853	31,733
Financial assets at fair value through profit or loss	13	9,178	6,798
Trade, bills and other receivables	15	29,399	41,469
Contract assets		4,178	4,672
Pledged bank deposits and cash and bank balances		49,848	12,077
		<u>147,730</u>	<u>110,335</u>

		<b>30 June 2022</b>	31 December 2021
	<i>Notes</i>	<b><i>HKD'000</i></b>	<b><i>HKD'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current liabilities</b>			
Trade payables, accruals and other payables	16	<b>31,095</b>	43,793
Contract liabilities		<b>3,082</b>	7,171
Lease liabilities		<b>1,632</b>	1,810
Bank borrowings	17	<b>294,219</b>	299,236
Other borrowings	18	<b>86,575</b>	108,970
Tax payables		<b>781</b>	717
		<b>417,384</b>	461,697
<b>Net current liabilities</b>		<b>(269,654)</b>	(351,362)
<b>Total assets less current liabilities</b>		<b>915,193</b>	919,595
<b>Non-current liabilities</b>			
Lease liabilities		<b>3,407</b>	4,343
<b>Net assets</b>		<b>911,786</b>	915,252
<b>Capital and reserves</b>			
Share capital	19	<b>46,438</b>	21,878
Reserves		<b>869,754</b>	895,938
Equity attributable to the owners of the Company		<b>916,192</b>	917,816
Non-controlling interests		<b>(4,406)</b>	(2,564)
<b>Total equity</b>		<b>911,786</b>	915,252

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2022*

## 1. GENERAL

Future World Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 2218, 22/F, The Metropolis Tower, 10 Metropolis Drive, Hung Hom, Kowloon, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

The condensed consolidated interim financial statements (“**Interim Financial Statements**”) are presented in Hong Kong dollars (“**HKD**”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except where otherwise indicated.

The Interim Financial Statements were approved for issue by the board of directors on 26 August 2022.

## 2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2021, and therefore, do not include all of the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2021.

The Interim 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.

The Interim Financial Statements have not been audited.

### **Going concern**

The Group incurred a net loss of approximately HKD7,464,000 for the six months ended 30 June 2022 and, as of that date, the Group has net current liabilities of approximately HKD269,654,000. These conditions indicate a material uncertainty exists which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

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

The current liabilities of the Group include bank borrowings of approximately HKD200,457,000, which have been classified as current liabilities as the related loan agreements contain a repayment on demand clause. According to the loan agreements, the loans are repayable by monthly instalments in 15 to 21 years. The Group regularly monitors its compliance with covenants and scheduled repayments of such bank borrowings and the directors of the Company do not consider that the banks will exercise their discretion to demand repayment so long as the Group continues to meet these requirements.

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

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

Should the Group be unable to continue as going concern, adjustments would have to be made to the Interim Financial Statements to write down the carrying amounts of assets to their recoverable amounts, to reclassify non-current assets 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 Interim Financial Statements.

### 3. ADOPTION OF NEW AND AMENDMENTS TO HKFRSs

#### (a) Adoption of amendments to HKFRSs – effective 1 January 2022

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Amendments to AG 5 (Revised)	Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised)

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

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

The following new and amendments to HKFRSs have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
HKFRS 17	Insurance Contracts and the Related Amendments <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>

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

<sup>2</sup> 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.

Those new and amendments to HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.



#### 4. REVENUE

Revenue represents the income received and receivable arising from the Group's operating activities including (i) high technology business; (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) trading business and related services; and (vi) securities brokerage business during the six months ended 30 June 2022. An analysis of the Group's revenue for the six months ended 30 June 2022 is as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HKD'000</b>	<b>HKD'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>		
Revenue from contracts with customers within the scope of HKFRS 15 recognised at a point in time:		
Income from high technology business	<b>10,335</b>	18,378
Income from trading business and related services	<b>3,543</b>	2,130
Commission income from securities brokerage business	<b>–</b>	765
	<b>13,878</b>	21,273
Revenue from other sources:		
Rental income from property investment	<b>3,715</b>	3,281
Interest income from provision of financing services	<b>11,269</b>	11,047
Dividend income from securities trading and investment	<b>–</b>	81
Interest income from debt instrument	<b>213</b>	–
	<b>15,197</b>	14,409
	<b>29,075</b>	35,682
<b>Net realised gain/(loss) from securities trading and investment</b>	<b>33</b>	(37)

## 5. SEGMENT INFORMATION

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

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

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

## Segment revenues and results

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

	High technology business		Property investment		Provision of financing services		Securities trading and investment		Trading business and related services		Investment in film industry		Securities brokerage business		Licensing of e-commerce platform		Total	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June		30 June		30 June		30 June		30 June		30 June	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue																		
- External sales	10,335	18,378	3,715	3,281	11,269	11,047	213	81	3,543	2,130	-	-	-	765	-	-	29,075	35,682
Segment financial performance	(6,692)	(5,168)	(4,165)	12,759	10,344	10,086	(4,332)	(6,156)	1,400	(1,293)	(1)	(46)	(461)	174	-	-	(3,907)	10,356
Unallocated corporate income																	81	-
Unallocated corporate expenses																	(2,737)	(6,821)
Share of loss of an associate																	(8)	(5)
Share-based payment expenses																	(848)	(1,513)
Unallocated finance costs																	(12)	(21)
(Loss)/profit before income tax																	(7,431)	1,996

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment financial performance 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:

	30 June 2022 HKD'000 (Unaudited)	31 December 2021 HKD'000 (Audited)
<b>Segment assets</b>		
High technology business	35,028	55,928
Property investment	858,388	868,846
Provision of financing services	344,962	340,156
Securities trading and investment	48,005	104,494
Trading business and related services	5,536	2,305
Securities brokerage business	37,635	4,092
	<hr/>	<hr/>
Total segment assets	1,329,554	1,375,821
Unallocated corporate assets	3,023	5,471
	<hr/>	<hr/>
Consolidated assets	<u>1,332,577</u>	<u>1,381,292</u>
<b>Segment liabilities</b>		
High technology business	33,603	51,828
Property investment	214,514	218,987
Provision of financing services	2,781	2,769
Securities trading and investment	166,792	189,120
Trading business and related services	2,316	822
Securities brokerage business	4	–
	<hr/>	<hr/>
Total segment liabilities	420,010	463,526
Unallocated corporate liabilities	781	2,514
	<hr/>	<hr/>
Consolidated liabilities	<u>420,791</u>	<u>466,040</u>

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

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

## 6. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
Interest expenses on bank borrowings	3,717	4,265
Interest expenses on other borrowings	2,717	4,121
Interest expenses on leases liabilities	56	84
Interest expenses on government loans	193	202
	<u>6,683</u>	<u>8,672</u>

## 7. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2022	2021
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
Directors' and chief executive's emoluments, including share-based payment expenses of HKD97,000 (six months ended 30 June 2021: HKD685,000)	1,636	2,560
Other staff costs, including share-based payment expenses of HKD751,000 (six months ended 30 June 2021: HKD599,000)	5,357	7,078
Contributions to retirement benefits scheme	230	345
Total staff costs	<u>7,223</u>	<u>9,983</u>
Auditor's remuneration		
– Non-audit services	388	350
Cost of inventories recognised as expenses	11,997	19,560
Depreciation of property, plant and equipment	129	396
Depreciation of right-of-use assets	177	1,736
Direct operating expenses arising from investment properties that generated rental income during the period	271	268
Direct operating expenses arising from investment properties that did not generate rental income during the period	111	113
Expenses relating to short-term leases	204	401
Gain on disposal of property, plant and equipment, net	–	(105)
Loss on early termination of a lease agreement	–	723
Provision for credit loss allowances on loan and interest receivables, net	388	188
(Reversal of)/provision for credit loss allowances on trade receivables, net	(38)	613
Reversal of for expected credit loss on loan commitment	–	(272)
Share-based payment expenses for consultants	<u>–</u>	<u>229</u>

## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	<i>HKD'000</i>	<i>HKD'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong Profits Tax	–	–
– The People's Republic of China (the "PRC")		
Enterprise Income Tax ("EIT")	–	534
– Withholding tax	<u>87</u>	<u>148</u>
	87	682
Deferred tax (credited)/charged to consolidated profit or loss	<u>(54)</u>	<u>14</u>
Income tax expense	<u><u>33</u></u>	<u><u>696</u></u>

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

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax under these jurisdictions during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

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

No Hong Kong Profits Tax has been provided for the six months ended 30 June 2022 and 2021, as the Group has no assessable profits derived in Hong Kong during the six months ended 30 June 2022 and 2021.

The PRC EIT has been provided at the rate of 25% (six months ended 30 June 2021: 25%) on the taxable profits of the Group's subsidiaries in the PRC during the six months ended 30 June 2022. Certain subsidiaries of the Group, which are qualified small and micro-sized enterprises under Caishui [2019] No.13, are eligible for certain tax reduction.

The withholding tax is calculated at the rate of 10% (six months ended 30 June 2021: 10%) on total rental income derived prevailing in the PRC jurisdiction for the six months ended 30 June 2022.

## 9. DIVIDEND

The directors of the Company do not recommend for payment of a dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## 10. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	<i>HKD'000</i>	<i>HKD'000</i>
	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to the owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<u>(5,450)</u>	<u>4,053</u>

### Number of shares

	Six months ended 30 June	
	2022	2021
	'000	'000
	(Unaudited)	(Unaudited) (Restated)
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	65,806	47,861
Effect of dilutive potential ordinary shares:		
Share options outstanding during the period	<u>—</u>	<u>10</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u>65,806</u>	<u>47,871</u>

The weighted average number of ordinary shares used to calculate the basic and diluted earnings per share for the six months ended 30 June 2021 has been adjusted to reflect the share consolidation and the rights issue during the six months ended 30 June 2022 (mentioned in Notes 19(ii) and (iii)). Accordingly, the basic and diluted earnings per share for the six months ended 30 June 2021 are restated.

As at 30 June 2021, the Company has outstanding share options. For the outstanding share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the period) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share for the six months ended 30 June 2021.

The computation of diluted loss per share for the six months ended 30 June 2022 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 for the six months ended 30 June 2022.

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

During the six months ended 30 June 2022, the Group did not have any acquisition of property, plant and equipment (six months ended 30 June 2021: paid approximately HKD284,000 for the acquisition of property, plant and equipment).

During the six months ended 30 June 2022, the Group did not dispose of any property, plant and equipment (six months ended 30 June 2021: disposed with net carrying amount amounting to approximately HKD566,000).

During the six months ended 30 June 2022, the Group has no addition right-of-use assets. (six months ended 30 June 2021: entered into one new lease agreement for the use of the office premise for two years. On lease commencement, the Group recognised approximately HKD729,000 of right-of-use assets and lease liabilities, respectively).

The fair value of the Group's investment properties at 30 June 2022 and 31 December 2021 have been arrived at on the basis of a valuation carried out by Colliers International (Hong Kong) Limited ("Colliers"), a firm of independent qualified professional valuers, which is not connected to the Group. Colliers has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair value of investment properties was estimated using market comparison approach. Fair values are based on prices for recent market transaction in similar properties with significant adjustments for differences in the location or condition of the Group's investment properties. These adjustments are based on unobservable inputs.

Fair value loss of approximately HKD4,400,000 (six months ended 30 June 2021: fair value gain of approximately HKD13,201,000) of investment properties has been recognised in consolidated profit or loss for the six months ended 30 June 2022.



At 30 June 2022, the Group's investment property located in Hong Kong, with carrying amount amounting to approximately HKD286,000,000 (31 December 2021: HKD287,000,000), has been pledged to secure the bank borrowings and other borrowings granted to the Group (Notes 17 and 18). Another investment property located in Hong Kong, with carrying amount amounting to approximately HKD381,000,000 (31 December 2021: HKD384,000,000) has been pledged to secure the bank borrowings granted to the Group (Note 17) at 30 June 2022.

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

	<b>30 June 2022 HKD'000 (Unaudited)</b>	31 December 2021 HKD'000 (Audited)
Listed securities, at fair value:		
Equity securities listed in Hong Kong	<b>28,073</b>	97,308

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

	<b>HKD'000</b>
At 1 January 2022 (Audited)	<b>97,308</b>
Additions	<b>1,167</b>
Disposals	<b>(28,150)</b>
Changes in FVTOCI	<b>(42,252)</b>
<b>At 30 June 2022 (Unaudited)</b>	<b>28,073</b>

The fair values of the listed equity securities investments were determined based on the quoted market closing prices on the Stock Exchange. During the six months ended 30 June 2022, no dividend was received from these investments (six months ended 30 June 2021: HKD81,000).

At 30 June 2022, the Group's financial assets at FVTOCI with carrying amount of approximately HKD28,073,000 (31 December 2021: HKD97,308,000) have been pledged to secure the other borrowings granted to the Group (Note 18).

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

	30 June 2022 <i>HKD'000</i> (Unaudited)	31 December 2021 <i>HKD'000</i> (Audited)
Listed securities held for trading, at fair value:		
Equity securities listed in Hong Kong	3,701	1,408
Securities bond issued by a PRC entity	<u>5,477</u>	<u>5,390</u>
	<u><b>9,178</b></u>	<u><b>6,798</b></u>

The below table reconciled the movement of financial assets at FVTPL during the six months ended 30 June 2022:

	<i>HKD'000</i>
At 1 January 2022 (Audited)	6,798
Additions	3,786
Disposals	(1,440)
Changes in fair value and net realised loss from disposals	(52)
Exchange realignment	<u>86</u>
At 30 June 2022 (Unaudited)	<u><b>9,178</b></u>

The fair values of the financial assets at FVTPL as at 30 June 2022 and 31 December 2021 were determined based on the quoted market closing prices on the Stock Exchange for listed equity securities and over-the-counter market for securities bond. During the six months ended 30 June 2022, the Group recognised interest income from the debt instrument amounting to HKD213,000 (six months ended 30 June 2021: Nil), while no dividend received from these equity securities (six months ended 30 June 2021: Nil).

At 30 June 2022, the Group's financial assets at FVTPL with carrying amount of approximately HKD9,178,000 (31 December 2021: HKD6,798,000) have been pledged to secure the other borrowings granted to the Group (Note 18).

# **14. LOAN AND INTEREST RECEIVABLES**

	<b>30 June</b> <b>2022</b> <b>HKD'000</b> <b>(Unaudited)</b>	31 December 2021 HKD'000 (Audited)
Current	<b>44,853</b>	31,733
Non-current	<b>295,713</b>	300,512
	<b>340,566</b>	332,245
Representing:		
From money lending business (including interest receivables of approximately HKD18,808,000 (31 December 2021: HKD11,399,000)) ( <i>Note</i> )	<b>362,458</b>	353,749
<i>Less:</i> Allowance of credit losses	<b>(21,892)</b>	(21,504)
	<b>340,566</b>	332,245

*Note:*

The loan receivables from 14 (31 December 2021: 13) independent borrowers bear fixed interest rates ranging from 5% to 7% (31 December 2021: from 5% to 8%) per annum and repayable according to the respective loan agreements. During the six months ended 30 June 2022, 2 (31 December 2021: 2) borrowers with loan receivables (net of allowance for credit loss) amounted to approximately HKD54,650,000 (31 December 2021: HKD55,260,000) in aggregate provided several properties to the Group as collateral with fair value amounting to approximately RMB38,800,000 (equivalent to approximately HKD45,450,000) (31 December 2021: RMB38,800,000 (equivalent to approximately HKD47,511,000)) in aggregate. The loan receivables from the remaining 12 (31 December 2021: 11) borrowers with loan receivables (net of allowance for credit loss) amounted to approximately HKD285,916,000 (31 December 2021: HKD276,985,000) in aggregate are unsecured.

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

	<b>30 June 2022 HKD'000 (Unaudited)</b>	31 December 2021 HKD'000 (Audited)
On demand or within 1 year after the end of reporting period	<b>44,853</b>	31,733
More than one year, but not more than two years after the end of reporting period	<b>295,713</b>	284,586
More than two years, but not more than five years after the end of reporting period	—	15,926
	<b><u>340,566</u></b>	<b><u>332,245</u></b>

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.

The Group has granted an aggregate irrevocable loan facility of HKD270,000,000 to Central Wealth Group Holding Limited and the total loans advanced to Central Wealth Group Holdings Limited were amounted to HKD236,000,000 as at 30 June 2022 (31 December 2021: HKD236,000,000). These loans are unsecured, bearing fixed interest rate at 7% (31 December 2021: 7%) per annum and repayable on 31 December 2023.

## 15. TRADE, BILLS AND OTHER RECEIVABLES

		30 June 2022 HKD'000 (Unaudited)	31 December 2021 HKD'000 (Audited)
	<i>Notes</i>		
Trade receivables, gross		21,756	17,219
Less: Allowance for credit losses		<u>(3,002)</u>	<u>(3,176)</u>
Trade receivables, net	(i)	<u>18,754</u>	<u>14,043</u>
Deposit, prepayment and other receivables, gross		8,764	18,806
Less: Allowance for credit losses		<u>(180)</u>	<u>(189)</u>
Deposit, prepayment and other receivables, net		<u>8,584</u>	<u>18,617</u>
Bills receivables	(ii)	<u>2,061</u>	<u>8,809</u>
		<u><b>29,399</b></u>	<u><b>41,469</b></u>

*Notes:*

### (i) Trade receivables

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, net of credit loss allowances, presented based on the invoice dates, which approximated the respective revenue recognition dates:

	30 June 2022 HKD'000 (Unaudited)	31 December 2021 HKD'000 (Audited)
0 – 30 days	7,915	890
31 – 90 days	575	1,294
91 – 180 days	2,979	5,402
181 – 360 days	2,795	5,140
Over 360 days	7,492	4,493
Less: Allowance for credit losses	<u>(3,002)</u>	<u>(3,176)</u>
	<u><b>18,754</b></u>	<u><b>14,043</b></u>

Movement of impairment loss allowance for trade receivables are as follows:

	<b>30 June 2022 HKD'000 (Unaudited)</b>	30 June 2021 HKD'000 (Unaudited)
At 1 January (Audited)	<b>3,176</b>	128
Increase in loss allowance recognised in consolidated profit or loss during the year	<b>2,483</b>	613
Decrease in loss allowance due to disposal of a subsidiary	<b>(2,521)</b>	–
Exchange realignment	<b>(136)</b>	5
	<hr/>	<hr/>
At 30 June (Unaudited)	<b><u>3,002</u></b>	<b><u>746</u></b>

**(ii) Bills receivables**

The Group endorsed certain bill receivables (the “**Endorsed Bills**”) with a carrying amount of approximately HKD2,061,000 (31 December 2021: HKD8,687,000) as at 30 June 2022 to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. However, in the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to the Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills as current assets and the associated trade payables as current liabilities. The aggregate carrying amount of trade payables under the Endorsement amounted to approximately HKD2,061,000 (31 December 2021: HKD8,687,000) as at 30 June 2022 (Note 16).

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 (31 December 2021: Nil) as at 30 June 2022.

## 16. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

		<b>30 June 2022</b>	31 December 2021
	<i>Notes</i>	<b>HKD'000</b>	<b>HKD'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Trade payables	(i)	<b>9,333</b>	18,106
Accruals		<b>8,785</b>	9,538
Government loans	(ii)	<b>9,328</b>	10,730
Rental deposits received		<b>900</b>	1,686
Other payables	(iii)	<b>2,749</b>	3,733
		<b>31,095</b>	43,793

*Notes:*

### (i) Trade payables

The credit period granted by suppliers of the Group is ranging from 30 to 120 days (31 December 2021: 30 to 120 days) for the period. The ageing analysis of the trade payables based on invoice date is as follows:

	<b>30 June 2022</b>	31 December 2021
	<b>HKD'000</b>	<b>HKD'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
0 – 30 days	<b>3,994</b>	12,274
31 – 90 days	–	83
91 – 360 days	<b>3,177</b>	3,030
Over 360 days	<b>2,162</b>	2,719
	<b>9,333</b>	18,106

The aggregate carrying amount of trade payables under the Endorsement amounted to approximately HKD2,061,000 (31 December 2021: HKD8,687,000) as at 30 June 2022, do not meet the de-recognition requirements in HKFRS 9. The corresponding financial assets are included in trade, bills and other receivables (Note 15(ii)).

**(ii) Government loans**

Government loans amounting to approximately RMB7,963,000 (equivalent to approximately HKD9,328,000) (31 December 2021: RMB8,763,000 (equivalent to approximately HKD10,730,000)) represented the government loans received by certain PRC subsidiaries of the Company in prior years. Those PRC subsidiaries are required to fulfill certain financial and operating conditions for coming 2 years or 9 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 30 June 2022, accrued interest of government loans amounting to approximately HKD920,000 (31 December 2021: HKD844,000) 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.

At 30 June 2022, one of the government loans received by a PRC subsidiary amounting to approximately RMB7,963,000 (equivalent to approximately HKD9,328,000) (31 December 2021: RMB7,963,000 (equivalent to approximately HKD9,751,000)), is guaranteed by the legal representative of that PRC subsidiary.

**(iii) Other payables**

As at 30 June 2022, other payables included provision for expected credit loss on loan commitment amounted to approximately HKD2,749,000 (31 December 2021: HKD2,749,000) in relation to the undrawn loan commitment amounted to approximately HKD39,000,000 (31 December 2021: HKD39,000,000) granted to two (31 December 2021: two) borrowers.



## 17. BANK BORROWINGS

	30 June 2022 HKD'000 (Unaudited)	31 December 2021 HKD'000 (Audited)
Secured bank borrowings	<u>294,219</u>	<u>299,236</u>
Represented by:		
Carrying amount of the bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	200,457	205,565
Carrying amount repayable within one year	<u>93,762</u>	<u>93,671</u>
	<u>294,219</u>	<u>299,236</u>

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

	30 June 2022 HKD'000 (Unaudited)	31 December 2021 HKD'000 (Audited)
Within one year	93,762	93,671
More than one year, but within two years	10,353	10,154
More than two years, but within five years	32,304	31,597
More than five years	<u>157,800</u>	<u>163,814</u>
	<u>294,219</u>	<u>299,236</u>

The bank borrowings bear interest at the bank's HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) or 2.5% per annum over HIBOR (1 week to 1 month) at 30 June 2022 (31 December 2021: the bank's HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) or 2.5% per annum over HIBOR (1 week to 1 month)).

At 30 June 2022, the Group's bank borrowings are secured by the investment properties with carrying amount amounting to approximately HKD667,000,000 (31 December 2021: HKD671,000,000) (Note 11).

## 18. OTHER BORROWINGS

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:

	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>HKD'000</b>	<b>HKD'000</b>
	<b>(Unaudited)</b>	(Audited)
Within one year or on demand	<b>86,575</b>	108,970

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

		<b>30 June</b>	31 December
		<b>2022</b>	2021
	<i>Notes</i>	<b>HKD'000</b>	<b>HKD'000</b>
		<b>(Unaudited)</b>	(Audited)
An investment property	<i>11</i>	<b>286,000</b>	287,000
Financial assets at FVTOCI	<i>12</i>	<b>28,073</b>	97,308
Financial assets at FVTPL	<i>13</i>	<b>9,178</b>	6,798

The other borrowings are also guaranteed by the Company.

Partial of the other borrowings amounting to approximately HKD49,328,000 (31 December 2021: HKD72,961,000) are subject to the fulfilment of covenants, but certain covenants have not been fulfilled. The directors of the Company do not consider that it is probable that the securities brokers will exercise their discretion to demand immediate repayment. The directors of the Company believe that such other borrowings will be repaid in accordance with the scheduled repayment dates as determined by the agreements.

## 19. SHARE CAPITAL

	Number of ordinary shares (Note (i))	Number of preference shares	Amount HKD'000
Ordinary shares of HKD0.02 each (before share consolidation) and HKD0.4 each (after share consolidation)			
Authorised:			
At 1 January 2021, 31 December 2021 and 1 January 2022 (Audited)	12,474,000,000	26,000,000	250,000
Share consolidation (Note (ii))	<u>(11,850,300,000)</u>	<u>(24,700,000)</u>	<u>–</u>
<b>At 30 June 2022 (Unaudited)</b>	<b><u>623,700,000</u></b>	<b><u>1,300,000</u></b>	<b><u>250,000</u></b>
Issued and fully issued:			
At 1 January 2021, 31 December 2021 and 1 January 2022 (Audited)	1,093,921,858	–	21,878
Share consolidation (Note (ii))	<u>(1,039,225,766)</u>	<u>–</u>	<u>–</u>
Issuance of share upon rights issue and placing (Note (iii))	<u>61,399,399</u>	<u>–</u>	<u>24,560</u>
<b>At 30 June 2022 (Unaudited)</b>	<b><u>116,095,491</u></b>	<b><u>–</u></b>	<b><u>46,438</u></b>

### Notes:

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

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS

The Group's revenue for the Period has decreased to HKD29,075,000, which is 18.5% lower compared with the revenue of approximately HKD35,682,000 during the six months ended 30 June 2021 (the "**Previous Period**"). The decrease of revenue was mainly attributed to the segment of high technology business. Details of high technology business are set out in "High Technology Business" section below. The Group recorded a net loss of approximately HKD5,450,000 attributable to shareholders of the Company for the Period (2021: net profit of approximately HKD4,053,000) and basic loss per share of HKD0.08 cent (2021: basic earnings per share of HKD0.08 cent (restated)) for the Period. The loss is mainly attributable to (i) fair value loss on investment properties of approximately HKD4,400,000 as compared to fair value gain of approximately HKD13,201,000 for the Previous Period and (ii) provision for credit loss allowances made on trade receivables of the segment of high technology business of approximately HKD2,483,000.

### BUSINESS REVIEW

Since January 2020, the outbreak of the novel coronavirus (COVID-19) pandemic had severely impacted the global business environment. During the Period, due to the outbreak of COVID-19 pandemic in the People's Republic of China (the "**PRC**"), tightened pandemic and control prevention policies are adopted in order to achieve the goal of dynamic clearing. It mainly affected the high technology business development as a result of disruption in global supply chain. Nevertheless, up to the date of this announcement, the COVID-19 resurgence in the PRC has been stabilized generally and it has not caused material financial difficulties to the Group. The Group will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts on the financial position and operating results of the Group.

## **High Technology Business**

Innovation and technology is an important growth engine for future economic development. Technology is leading the world into a new era, bringing with it a dramatic shift in the global economy. Leveraging on the expertise and experience of the directors and key management personnel, the Group has 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 Period, the revenue of approximately HKD10,335,000 was generated (2021: HKD18,378,000). Provision for credit loss allowances on trade receivables of approximately HKD2,483,000 are made due to slower repayment from customers during the outbreak of COVID-19 pandemic in the PRC in the Period. While the COVID-19 resurgence in the PRC has been stabilized, the Group expects the situation will be improved gradually. The Group will keep continuous attention and react actively to its impact. A loss of approximately HKD6,692,000 (2021: HKD5,168,000) was recorded for the segment of high technology business.

During the Period, 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 term of artificial intelligence products and applications solutions business, the Group will continuous to seek for sales opportunity for our intelligent storage equipment.

The Group has built up a technical team with strong technical and education background and years of experience in robotic related business, and their experiences and expertise cover mechanical and robotic engineering, mechanical designs and electrical designs. The Board considers that the development in high technology business will contribute positively to the revenue 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 competition in China and will strive to secure orders for the sustainable development of the business segment.

### **Properties investment**

The Group is currently holding (i) two residential properties located in Hong Kong which are on No. 19, Cumberland Road, Kowloon Tong (approximate saleable area of 5,808 square feet) and No. 1, Lincoln Road, Kowloon Tong (approximate saleable area of 6,892 square feet) respectively; (ii) 19 retail units in a development district known as “Fortune Town” (振業城) located at Henggang Road, Longgang District, Shenzhen, the PRC (中國深圳市龍崗區橫崗街道); and (iii) a commercial unit located on G/F., No. 20 Kwun Chung Street, Kowloon, HK.

During the Period, the Group recorded rental income of approximately HKD3,715,000 (2021: HKD3,281,000) and fair value loss of approximately HKD4,400,000 (2021: fair value gain of approximately HKD13,201,000) arising from change in fair value of investment properties from the property investment segment.

### **Treasury business**

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

### ***Securities trading and investment business***

The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. The securities investments were classified under financial assets at fair value through other comprehensive income (“**FVTOCI**”) and financial assets at fair value through profit or loss (“**FVTPL**”) in the consolidated financial statements. During the Period, the Group’s securities trading portfolio comprised of equity securities of CMBC Capital Holdings Limited (“**CMBC Capital**”, stock code: 1141), Central Wealth Group Holdings Limited, (“**Central Wealth**”, stock code: 139), CA Cultural Technology Group Limited (“**CA Cultural**”, stock code: 1566) China Evergrande New Energy Vehicle Group Limited (“**China Evergrande**”, Stock code: 708), and Shangdong Hi-Speed Holdings Group Limited (formerly known as China Shandong Hi-Speed Financial Group Limited) (“**SDHG**”, stock code: 412) which are 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 COVID-19 outbreak, together having considered the funding needs of the Group, the Company disposed part of the securities investment in order to realise its investments and to allow the Group to reallocate its resources to area with better potential. As a whole, the securities trading and investment segment recorded a loss of approximately HKD4,332,000 during the Period (2021: HKD6,156,000). The loss was mainly due to financial costs of approximately HKD3,741,000 during the Period (2021: HKD5,679,000). Besides, the Group recorded net realised gain of approximately HKD33,000 (2021: net realised loss of approximately HKD37,000) and unrealised loss of securities investment under FVTPL of approximately HKD85,000 (2021: Nil). For the securities under FVTOCI, the Group recorded a net fair value loss of approximately HKD42,252,000 during the Period (2021: HKD45,938,000) through other comprehensive income.



As at 30 June 2022, details of the securities investments held are as follows:

Name of the investees	Number of shares held	Percentage of equity interests as at 30.06.2022	Original cost of the interest as at 30.06.2022 HKD'000	Market value of the interests as at 30.06.2022 HKD'000	Fair value gain/(loss) for the year HKD'000	Release of fair value reserve/ Realised gain/(loss) for the year HKD'000
<b>FVTOCI</b>						
CMBC Capital (Stock code: 1141)	7,890,000	0.690%	163,707	16,569	(48,981)	(207,681)
Central Wealth (Stock code: 139)	426,061,316	2.668%	33,188	11,504	8,108	(4,474)
CA Cultural (Stock code: 1566)	–	–	–	–	(1,379)	(10,979)
Subtotal			196,895	28,073	(42,252)	(223,134)
<b>FVTPL</b>						
Evergrande Vehicle (Stock code: 708)	–	–	–	–	33	33
SDHG (Stock code: 412)	4,254,000	0.018%	3,786	3,701	(85)	–
Bond listed in PRC	N/A	N/A	5,390	5,477	87	–
Subtotal			9,176	9,178	35	33
Total			206,071	37,251	(42,217)	(223,101)

As at 30 June 2022, the Group held securities investment portfolio with market value of approximately HKD37,251,000 (31 December 2021: HKD104,106,000). There were no investments held by the Group which value was more than 5% of the net assets of the Group as at 30 June 2022.

### ***Performance and prospects of the major investees***

#### ***CMBC***

CMBC Capital and its subsidiaries (the “**CMBC Capital Group**”) was principally engaged in the business of brokerage and related services, securities investment and provision of finance. China Minsheng Banking Corporation Limited, one of the largest private banks in the PRC has indirect interest in over 60% of the issued shares capital of CMBC Capital as at 30 June 2022.

As mentioned in its annual report for the year ended 31 December 2021, the CMBC Capital Group has recorded net profit amounted to approximately HKD291 million, representing an decrease of approximately 26.0% when compared to the year ended 31 December 2020 of HKD393 million. The CMBC Capital Group's basic and diluted earnings per share were both HK24.55 cents (2020: both HK33.00 cents (restated)). Revenue has decreased by approximately 12.1% to approximately HKD895 million for the year ended 31 December 2021, compared to approximately HKD1,019 million for the year ended 31 December 2020.

The market price of CMBC Capital closed at HKD2.10 as at 30 June 2022 (30 June 2021: HKD3.96).

### *Central Wealth*

Central Wealth and its subsidiaries (the “**Central Wealth Group**”) are principally engaged in securities brokerage services and margin financing, asset management, financial investment, property investments and money lending business.

As mentioned in Central Wealth's annual report for the year ended 31 December 2021, the loss after tax for the year ended 31 December 2021 was approximately HKD371.3 million as compared to the net profit after tax of approximately HKD27.8 million for the year ended 31 December 2020. Basic loss per share attributable to ordinary equity holders of the parent for the year ended 31 December 2021 was approximately HK2.32 cents (2020: basic earnings per share of approximately HK0.18 cents). The Central Wealth group recorded a revenue of approximately HKD243.8 million for the period ended 31 December 2021, compared to a revenue of approximately HKD669.9 million for the period ended 31 December 2020.

The market price of Central Wealth closed at HKD0.027 as at 30 June 2022 (30 June 2021: HKD0.017).

## *SDHG*

SDHG and its subsidiaries (the “**SDHG Group**”) are principally engaged in various kinds of financial services, including financial leasing, operation of an asset trading platform, investments in securities, money lending, investment holding and assets management.

As mentioned in its annual report for the year ended 31 December 2021, the SDHG Group has recorded net profit after tax amounted to approximately HKD11 million, as compared to the net loss after tax of approximately HKD 18 million for the year ended 31 December 2020. The SDHG Group’s basic and diluted loss per share attributable to ordinary equity holders of the parent for the year ended 31 December 2021 was both HK1.31 cents (2020: both HK1.17 cents). Revenue has decreased by approximately 16.2% to approximately HKD1,066 million for the year ended 31 December 2021, compared to approximately HKD1,272 million for the year ended 31 December 2020.

The market price of SDHG closed at HKD3.48 as at 30 June 2022 (30 June 2021: HKD1.78).

### ***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.

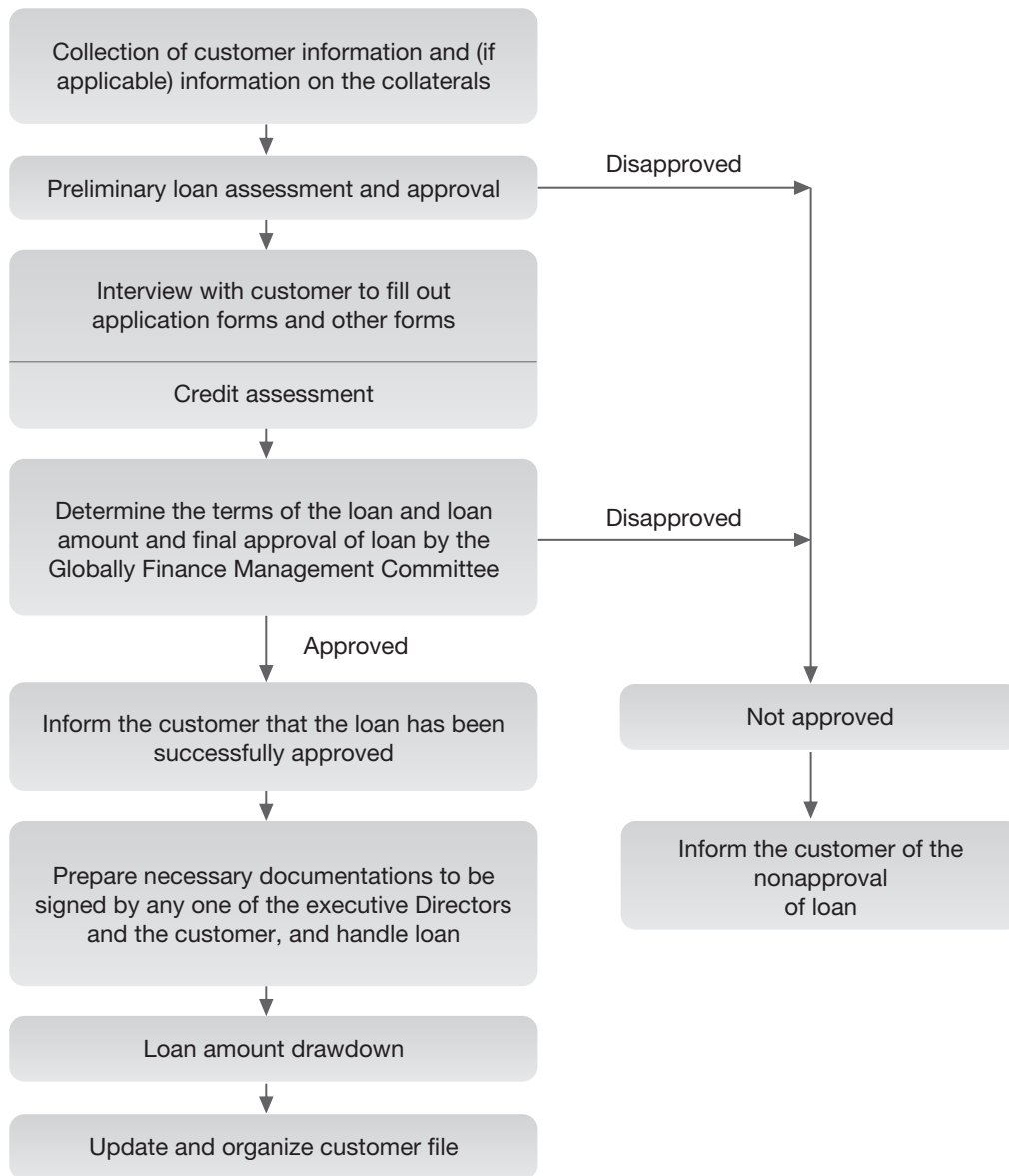
Globally Finance is operated and managed by its management committee. Globally Finance is under the supervision of the executive directors of the Company, who have years of experience in accounting, corporate development and/or financial management experience and have overseen the business operations 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 30 June 2022, the interest rate charged to outstanding loans receivable ranged from 5% to 7% (31 December 2021: 5% to 7%) per annum. Interest income from the Group's money lending business during the Period amounted to approximately HKD11,269,000, showing a increase of approximately 2.0% from approximately HKD11,047,000 in the Previous Period. Operating profit from this business segment amounted to approximately HKD10,344,000, which was approximately 2.6% higher than that of approximately HKD10,086,000 in the previous Period.

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) potential financial risk exposure associated with the applicant;
- B) the repayment ability of the applicant;

- C) the security or collateral 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 Money Lenders Ordinance (Cap 163).

During the period ended 30 June 2022, 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 access 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 for loan and receivables as at 30 June 2022 was approximately HKD21,892,000 (31 December 2021: HKD21,504,000), and provision for credit loss allowances for loan and interest receivables of approximately HKD388,000 was made during the Period (2021: provision for credit loss allowance of HKD188,000).

### ***Securities brokerage business***

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

During the Period, no revenue (2021: HKD765,000) was generated and a loss of approximately HKD461,000 (2021: profit of HKD174,000) was recorded for the segment of securities brokerage business.

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

The company applied the money proceeds from the Rights Issue during the period (as disclosed in the Announcement of the Company dated 19 May 2022 and prospectus of the company dated 12 April 2022) for the capital injection of FW Securities, which would then utilize such proceeds to provide relevant margin financing services to its customers.

Securities margin financing business is to be commenced upon approval of the Securities and Futures Commission (“SFC”).

### **Investment in film industry**

During the Period, no interest income (2021: Nil) was generated and no profit or loss was incurred (2021: Nil) 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 mainly include COVID-19 test kits business.

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 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 Period, the Test Kits products of the Group have been distributed and sold through various retail stores in Hong Kong. During the Period, revenue of approximately HKD3,543,000 was generated (2021: HKD2,130,000) and a gain of approximately HKD1,400,000 (2021: loss of HKD1,293,000) was recorded as a whole for the segment of trading business and related services. The Group will continue to seek for business opportunity in the trading business.

### **Licensing of e-commerce platform**

During the Period, no revenue (2021: Nil) was generated for the segment of licensing of e-commerce platform business. The Group will continue to look for any potential opportunity in the licensing of e-commerce platform business.



## FINANCIAL REVIEW

### Liquidity, financial, resources and funding

During the Period, the Group mainly financed its operations by cash generated from operation and bank borrowings. The Group had total cash and bank balances of approximately HKD49,848,000 as at 30 June 2022 (31 December 2021: HKD12,077,000). As at 30 June 2022, the Group had total borrowings of approximately HKD380,794,000 (31 December 2021: HKD408,206,000) comprised with bank borrowings of approximately HKD294,219,000 (31 December 2021: HKD299,236,000) and other borrowings of approximately HKD86,575,000 (31 December 2021: HKD108,970,000).

Among bank borrowings, approximately HKD93,762,000 are repayable within one year, HKD10,353,000 are repayable over one year but not exceeding two years, HKD32,304,000 are repayable over two years but not exceeding five years and HKD157,800,000 are repayable over five years. The bank borrowings bear interest at the bank's of HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) or 2.5% per annum over HIBOR (1 week to 1 month). Details are set out in Note 17 to the condensed consolidation interim financial statements.

The other borrowings comprised of margin loans and revolving loan. The margin loan payables bear fixed interest at 7.5% to 8% per annum. The margin loan payables are repayable within one year and was guaranteed by the Company. The revolving loan bear fixed interest rate of HKD Prime Rate – 2% per annum. Details are set out in Note 18 to the condensed consolidated interim financial statements.

The gearing ratio, which is calculated as total borrowings divided by total equity, was approximately 41.76% as at 30 June 2022 (31 December 2021: 44.60%). Net assets were approximately HKD911,786,000 as at 30 June 2022 (31 December 2021: HKD915,252,000).

As at 30 June 2022, the Group has total current assets of approximately HKD147,730,000 (31 December 2021: HKD110,335,000) and total current liabilities of approximately HKD417,384,000 (31 December 2021: HKD461,697,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was approximately 0.35 as at 30 June 2022 (31 December 2021: 0.24).

The Group's finance costs for the Period was approximately HKD6,683,000 (2021: HKD8,672,000) and was mainly related to interests paid on the bank borrowings and margin loans.

### **Pledge of assets**

At 30 June 2022, the Group's investment properties with carrying amount of HKD667,000,000 (31 December 2021: HKD671,000,000) have been pledged to secure the bank borrowings granted to the Group.

As at 30 June 2022, the Group had pledged an investment property with carrying amount of HKD286,000,000 (31 December 2021: HKD287,000,000) and the securities investment under FVTOCI of approximately HKD28,073,000 (31 December 2021: HKD97,308,000); and the securities investment under FVTPL of approximately HKD9,178,000 (31 December 2021: HKD6,798,000) to secure the other borrowings.

## **CAPITAL STRUCTURE**

### **Share consolidation**

On 15 December 2021, the Company proposed to implement a share consolidation on the basis that every twenty issued and unissued shares of HKD0.02 each will be consolidated into one consolidated share ("**Consolidated Share**") 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.

## **Rights issue**

On 15 December 2021, the Company announced the proposed rights issue (the “**Rights Issue**”) on the basis of three rights shares (the “**Rights Shares**”) for every two consolidated shares held on 4 March 2022 as a record date at the subscription price of HKD0.90 per rights share. The Rights Issue was completed on 20 May 2022, and 61,399,399 Rights Shares were allotted and issued to the shareholders accordingly.

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

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

As at 30 June 2022, the share capital of the Company comprises of 116,095,491 issued shares with par value of HKD0.4.

## **Foreign currency management**

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

## **Litigations and contingencies**

At 30 June 2022, the Group did not have any significant litigations and contingencies.

## **EMPLOYEES AND REMUNERATION POLICIES**

At 30 June 2022, the Group had 39 employees including Directors situated in Hong Kong and the PRC (31 December 2021: 46 employees). The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the Period, the total staff costs including remuneration of Directors and chief executives amounted to approximately HKD7,223,000 (2021: HKD9,983,000).

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the Period (2021: Nil).

## **PROSPECTS**

The Group is principally engaged in (i) high technology business; (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) trading business and related services; (vi) securities brokerage business; (vii) investment in film industry; and (viii) 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 development of securities brokerage and margin financing of FW Securities, as at the Latest Practicable Date, 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 from year 2020. 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 business. The Group obtained the licenses from the Securities and Futures Commission to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities through a wholly owned subsidiary FW Securities. FW Securities aims at providing broader and more diversified services to customers, including but not limited to securities dealing and advising securities services, acting as underwriter or a sub-underwriter or a placing agent or a sub-placing agent for companies listed or to be listed on the Stock Exchange, or shareholders of companies listed or to be listed on the Stock Exchange for their fund raising in IPOs, rights issues, open offers or placing of new and/or existing shares and debt securities. FW Securities will charge placing or underwriting commission at a rate determined by negotiation with clients which is generally in line with market practice.

FW Securities will provide margin financing to securities trading clients at market rate upon SFC's approval in the near future.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

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

## CORPORATE GOVERNANCE

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

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer (“**CEO**”) should be separate people and should not be performed by the same individual. During the Period, the roles of the chairman and the chief executive officer of the Company are not separate and both are performed by Mr. Liang Jian. 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 C.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 B.2.2 of the CG Code stipulates that non-executive directors should be appointed for a specific term. The independent non-executive directors were appointed with no specific term. All independent non-executive directors are subject to the requirement to retire by rotation at least once every three years. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

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

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

## **REVIEW OF INTERIM RESULTS**

The unaudited interim results for the Period have been reviewed by the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the relevant code provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

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

Hong Kong, 26 August 2022

*As at the date of this announcement, the Board comprises (i) nine executive Directors, namely Mr. Liang Jian, Mr. Yu Zhenzhong, Ms. Wang Qian, Mr. Cai Linzhan, Mr. Yu Qingrui, Mr. Su Wei, Mr. Yuan Yifeng, Mr. Li Rui and Mr. Cheung Kit Shing; and (ii) three independent non-executive Directors, namely Mr. Chen Pei, Mr. Zheng Zongjia and Mr. He Yi.*