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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 2023**

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 2023 together with comparative figures for the previous year as follows:

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

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <i>HKD'000</i>	2022 <i>HKD'000</i>
<b>Net realised (loss)/gain from securities trading and investment</b>	4	<u>(4,524)</u>	<u>33</u>
<b>Revenue</b>	4	<b>38,948</b>	47,137
Cost of sales		<u>(17,311)</u>	<u>(18,620)</u>
<b>Gross profit</b>		<b>21,637</b>	28,517
Other income and gains	6	<b>2,400</b>	1,091
Selling and distribution costs		<b>(23)</b>	(530)
Administrative expenses		<b>(30,452)</b>	(31,686)
Provision for credit loss allowances on trade receivables, net		<b>(989)</b>	(6,197)
Provision for credit loss allowances on other receivables		<b>(12,195)</b>	(11,886)
Reversal of/(provision for) credit loss allowances on loan and interest receivables, net		<b>3,115</b>	(9,987)
Reversal of/(provision for) expected credit loss on loan commitment, net		<b>6,512</b>	(3,763)
Provision for expected credit loss on investment in corporate bond		<b>(2,746)</b>	(4,990)
Change in fair value of investment properties		<b>(67,069)</b>	(12,860)
Change in fair value of financial assets at fair value through profit or loss		<b>(50,691)</b>	47,130
Impairment loss on property, plant and equipment		<b>(1,455)</b>	–
Share of loss of an associate		–	(45)
Share-based payment expenses		–	(848)
Gain on disposal of subsidiaries		<b>4,838</b>	<u>137</u>
<b>Operating loss</b>		<b>(131,642)</b>	(5,884)
Finance costs	7	<u>(19,318)</u>	<u>(14,301)</u>
<b>Loss before income tax</b>	8	<b>(150,960)</b>	(20,185)
Income tax (expense)/credit	9	<u>(1,571)</u>	<u>4,580</u>
<b>Loss for the year</b>		<u><b>(152,531)</b></u>	<u>(15,605)</u>

	<i>Notes</i>	<b>2023</b> <i>HKD'000</i>	2022 <i>HKD'000</i>
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		(1,764)	(13,332)
Release of exchange reserve upon disposals of subsidiaries		(226)	(65)
<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>(56,043)</u>	<u>(4,128)</u>
<b>Other comprehensive loss for the year, net of income tax</b>		<u>(58,033)</u>	<u>(17,525)</u>
<b>Total comprehensive loss for the year</b>		<u><b>(210,564)</b></u>	<u><b>(33,130)</b></u>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(151,730)	(7,021)
Non-controlling interests		<u>(801)</u>	<u>(8,584)</u>
		<u><b>(152,531)</b></u>	<u><b>(15,605)</b></u>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Company		(211,052)	(24,944)
Non-controlling interests		<u>488</u>	<u>(8,186)</u>
		<u><b>(210,564)</b></u>	<u><b>(33,130)</b></u>
		<i>HKD</i>	<i>HKD</i> (Restated)
<b>Loss per share attributable to the owners of the Company</b>			
Basic and diluted	11	<u><b>(1.01)</b></u>	<u><b>(0.07)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		2023	2022
	<i>Notes</i>	<i>HKD'000</i>	<i>HKD'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		570	2,353
Right-of-use assets		1,845	3,755
Investment properties		770,723	840,454
Interest in an associate		–	–
Financial assets at fair value through other comprehensive income	12	10,154	66,197
Investment in corporate bond	13	14,039	15,010
Loan receivables	15	10,978	30,758
Deferred tax assets		6,877	8,237
Rental deposit	16	249	1,485
		<u>815,435</u>	<u>968,249</u>
<b>Current assets</b>			
Inventories		–	7,566
Loan and interest receivables	15	187,300	169,704
Financial assets at fair value through profit or loss	14	88,833	120,033
Trade, bills and other receivables	16	52,632	67,945
Contract assets		–	31
Cash and bank balances		81,721	38,983
		<u>410,486</u>	<u>404,262</u>
<b>Current liabilities</b>			
Trade payables, accruals and other payables	17	14,638	52,018
Contract liabilities		–	3,868
Lease liabilities		1,595	3,830
Bank borrowings	18	276,783	285,914
Other borrowings	19	88,119	86,669
Tax payables		1,213	979
		<u>382,348</u>	<u>433,278</u>
<b>Net current assets/(liabilities)</b>		<u>28,138</u>	<u>(29,016)</u>
<b>Total assets less current liabilities</b>		<u>843,573</u>	<u>939,233</u>

	<i>Notes</i>	<b>2023</b> <i>HKD'000</i>	2022 <i>HKD'000</i>
<b>Non-current liabilities</b>			
Bond payable	20	<b>42,200</b>	–
Lease liabilities		<b>308</b>	3,772
		<u><b>42,508</b></u>	<u>3,772</u>
<b>Net assets</b>		<u><b>801,065</b></u>	<u>935,461</u>
<b>Capital and reserves</b>			
Share capital	21	<b>92,876</b>	46,438
Reserves		<b>708,189</b>	899,713
		<u><b>801,065</b></u>	<u>946,151</u>
Equity attributable to the owners of the Company		<b>801,065</b>	946,151
Non-controlling interests		–	<u>(10,690)</u>
<b>Total equity</b>		<u><b>801,065</b></u>	<u>935,461</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2023*

## 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 Room 2601–2604 and 2637–2640, 26/F, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong to Unit 612, Tai Yau Building, 181 Johnston Road, Wan Chai, Hong Kong with effect from 1 December 2023. 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.

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**”) 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.

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

#### (a) New and amended HKFRSs

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 2023. These amendments have been applied by the Group for the first time in the current year unless otherwise specified.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts and related amendments

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

#### ***Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies***

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out to the consolidated financial statements.

***Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies***

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

**(b) Amendments to HKFRSs not yet adopted**

The Group has not applied the following amendments to HKFRSs, which have been issued but are not yet effective, in these consolidated financial statements:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025

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

**4. REVENUE**

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

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
<b>Revenue</b>		
Revenue from contracts with customers within the scope of HKFRS 15 recognised at a point in time:		
Income from high technology business	17,134	16,071
Income from trading business and related services	–	1,879
Service fee income from securities brokerage business	1,050	–
Revenue from other sources:		
Rental income from property investment	6,679	7,108
Interest income from provision of financing services	12,891	21,063
Dividend income from securities trading and investment	981	590
Interest income from debt instrument	213	426
	<u>38,948</u>	<u>47,137</u>
Net realised (loss)/gain from securities trading and investment	<u>(4,524)</u>	<u>33</u>

## 5. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial 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. The business components in the internal financial information reported to the executive directors of the Company are determined following the Group’s major operations.

The measurement policies the Group uses for reporting segment results under HKFRS 8 Operating Segments are the same as those used in its consolidated financial statements prepared under HKFRSs.

No operating segments identified by the executive directors of the Company have been aggregated in arriving at the reportable segments of the Group.

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

- High technology business
- Property investment
- Provision of financing services
- Securities trading and investment
- Trading business and related services
- Securities brokerage business

## Segment revenue and financial performance

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

	High technology business		Property investment		Provision of financing services		Securities trading and investment		Trading business and related services		Securities brokerage business		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	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
<b>Revenue</b>														
- External sales	<u>17,134</u>	<u>16,071</u>	<u>6,679</u>	<u>7,108</u>	<u>12,891</u>	<u>21,063</u>	<u>1,194</u>	<u>1,016</u>	<u>-</u>	<u>1,879</u>	<u>1,050</u>	<u>-</u>	<u>38,948</u>	<u>47,137</u>
Segment financial performance	<u>(302)</u>	<u>(18,917)</u>	<u>(70,778)</u>	<u>(13,319)</u>	<u>20,034</u>	<u>(5,527)</u>	<u>(61,800)</u>	<u>38,430</u>	<u>(705)</u>	<u>(739)</u>	<u>(142)</u>	<u>(1,050)</u>	<u>(113,693)</u>	<u>(1,122)</u>
Unallocated corporate income													<u>582</u>	<u>485</u>
Unallocated corporate expenses													<u>(33,991)</u>	<u>(18,596)</u>
Share of loss of an associate													<u>-</u>	<u>(45)</u>
Share-based payment expenses													<u>-</u>	<u>(848)</u>
Unallocated finance costs													<u>(3,858)</u>	<u>(59)</u>
Loss before income tax													<u>(150,960)</u>	<u>(20,185)</u>

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:

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
<b>Segment assets</b>		
High technology business	2,262	36,591
Property investment	776,548	844,532
Provision of financing services	229,204	242,863
Securities trading and investment	74,158	186,894
Trading business and related services	1,145	2,070
Securities brokerage business	3,666	36,037
	<hr/>	<hr/>
Total segment assets	1,086,983	1,348,987
Unallocated corporate assets	138,938	23,524
	<hr/>	<hr/>
Consolidated assets	<b>1,225,921</b>	<b>1,372,511</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Segment liabilities</b>		
High technology business	189	47,321
Property investment	200,503	209,432
Provision of financing services	52	6,532
Securities trading and investment	168,269	166,768
Trading business and related services	1,893	2,075
	<hr/>	<hr/>
Total segment liabilities	370,906	432,128
Unallocated corporate liabilities	53,950	4,922
	<hr/>	<hr/>
Consolidated liabilities	<b>424,856</b>	<b>437,050</b>
	<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		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Amounts included in the measure of segment profit or loss or segment assets:																
Addition to property, plant and equipment	-	64	-	-	24	32	795	-	-	-	-	-	34	681	853	777
Addition to right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	662	4,190	662	4,190
Depreciation of property, plant and equipment	106	139	-	-	18	23	80	33	26	84	-	144	70	374	349	
Depreciation of right-of-use assets	-	-	-	-	118	-	-	-	-	-	-	2,454	907	-	2,572	907
(Reversal of)/provision for credit loss allowances on loan and interest receivables, net	-	-	-	-	(3,115)	9,987	-	-	-	-	-	-	-	-	(3,115)	9,987
Provision for/(reversal of) credit loss allowances recognised on trade receivables, net	324	6,208	158	(8)	-	-	-	-	507	(3)	-	-	-	-	989	6,197
Provision for/(reversal of) for credit loss allowances recognised on other receivables	-	-	374	(27)	4,897	11,913	-	-	-	-	-	6,924	-	-	12,195	11,886
Impairment loss on property, plant and equipment	1,450	-	-	-	-	-	5	-	-	-	-	-	-	-	1,455	-
(Reversal of)/provision for ECL on loan commitment	-	-	-	-	(6,512)	3,763	-	-	-	-	-	-	-	-	(6,512)	3,763
Provision for ECL on investment in corporate bond	-	-	-	-	-	-	-	-	-	-	-	-	2,746	4,990	2,746	4,990
Change in fair value of financial assets at FYTPL	-	-	-	-	-	-	50,691	(47,130)	-	-	-	-	-	-	50,691	(47,130)
Change in fair value of investment properties	-	-	67,069	12,860	-	-	-	-	-	-	-	-	-	-	67,069	12,860
Finance costs	12	588	7,074	5,632	1	14	8,373	8,022	-	-	-	3,858	45	19,318	14,301	14,301
Income tax expense/(credit)	-	(563)	179	218	1,392	(4,235)	-	-	-	-	-	-	-	-	1,571	(4,580)
Written-off of property, plant and equipment	-	-	-	-	69	-	-	-	-	-	-	-	-	-	69	-
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:																
Interest income on bank deposits	(7)	(3)	(1)	-	(1)	(2)	(4)	(1)	-	-	(64)	(27)	(6)	(1)	(83)	(34)
Share of loss of an associate	-	-	-	-	-	-	-	-	-	-	-	-	-	45	-	45
Share based payment expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	848	-	848
Gain on disposal of subsidiaries	(4,838)	-	-	-	-	-	-	-	-	-	-	-	-	(137)	(4,838)	(137)

## Geographical information

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

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

	2023			2022		
	Hong Kong HKD'000	The PRC HKD'000	Total HKD'000	Hong Kong HKD'000	The PRC HKD'000	Total HKD'000
Revenue	<u>21,814</u>	<u>17,134</u>	<u>38,948</u>	<u>28,888</u>	<u>18,249</u>	<u>47,137</u>
Non-current assets:						
Property, plant and equipment	570	–	570	744	1,609	2,353
Right-of-use assets	1,845	–	1,845	3,755	–	3,755
Investment properties	<u>643,700</u>	<u>127,023</u>	<u>770,723</u>	<u>699,700</u>	<u>140,754</u>	<u>840,454</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:

	2023 HKD'000	2022 HKD'000
Customer A <sup>2</sup>	6,232	14,383
Customer B <sup>1</sup>	5,929	–
Customer C <sup>1</sup>	5,336	–
Customer D <sup>1</sup>	–	13,287
	<u>–</u>	<u>13,287</u>

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

<sup>2</sup> Interest income from provision of financing services

## 6. OTHER INCOME AND GAINS

	2023 HKD'000	2022 HKD'000
Government subsidies ( <i>Note</i> )	28	569
Gain on disposal of property, plant and equipment, net	609	–
Interest income on bank deposits	83	34
Interest income from unlisted corporate bonds	1,500	275
Sundry income	180	213
	<u>2,400</u>	<u>1,091</u>

*Note:* During the year ended 31 December 2023, the government subsidies recognised were the approved subsidies in the Employment Support Scheme under the Anti-epidemic Fund as promulgated by the Government of the Hong Kong Special Administrative Region of the PRC (2022: to encourage high-technology business development, the PRC government provide government subsidies to the Group). No unfulfilled conditions or contingencies were attached to these subsidies.

## 7. FINANCE COSTS

	2023 HKD'000	2022 HKD'000
Interest expenses on bank borrowings	12,301	8,533
Interest expenses on other borrowings	3,146	5,260
Interest expenses on lease liabilities	197	141
Interest expenses on government loans	–	367
Interest expenses on other payables	122	–
Interest expenses on bonds	3,552	–
	<u>19,318</u>	<u>14,301</u>

## 8. LOSS BEFORE INCOME TAX

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

	2023 HKD'000	2022 HKD'000
Directors' and chief executive's emoluments, including share-based payment expenses of Nil (2022: approximately HKD97,000)	2,242	3,445
Other staff costs, including share-based payment expenses of Nil (2022: approximately HKD751,000)	7,546	10,839
Contributions to retirement benefits scheme ( <i>Note</i> )	266	334
Total staff costs	<u>10,054</u>	<u>14,618</u>
Auditor's remuneration:		
– Audit services	1,280	1,280
– Non-audit services	460	496
Cost of inventories recognised as expenses	17,105	18,423
Depreciation of property, plant and equipment	374	349
Depreciation of right-of-use assets	2,572	907
Impairment loss on property, plant and equipment	1,455	–
Direct operating expenses arising from investment properties that generated rental income during the year	608	543
Direct operating expenses arising from investment properties that did not generated rental income during the year	175	169
Expenses relating to short-term leases	27	25
(Reversal of)/provision for credit loss allowances on loan and interest receivables, net	(3,115)	9,987
Provision for credit loss allowances on trade receivables, net	989	6,197
Provision for credit loss allowances on other receivables, net	12,195	11,886
(Reversal of)/provision for ECL on loan commitment, net	(6,512)	3,763
Provision for expected credit loss on investment in corporate bond	2,746	4,990
Written-off of property, plant and equipment	69	–
Gain on disposal of property, plant and equipment	(609)	–

*Note:* As at December 2023, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2022: Nil).

## 9. INCOME TAX EXPENSES/(CREDIT)

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
The PRC Enterprise Income Tax (“EIT”)		
– Current tax	–	–
– Under/(over)-provision in prior years	32	(1,311)
Withholding Tax	179	218
	<u>211</u>	<u>(1,093)</u>
Deferred tax charged/(credited) to profit or loss	1,360	(3,487)
Income tax expense/(credit)	<u>1,571</u>	<u>(4,580)</u>

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

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax under these jurisdictions during the year (2022: Nil).

Under the two-tiered profits tax rates regime in Hong Kong, the first HKD2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2,000,000 will be taxed at 16.5%. The assessable profits of group entities that are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% for the years ended 31 December 2023 and 2022.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2023 and 2022, as the Group did not have assessable profits subject to Hong Kong Profits Tax during both years.

The PRC EIT has been provided at the rate of 25% (2022: 25%) on the taxable profits of the Group’s subsidiaries in the PRC during the year ended 31 December 2023. 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 (2022: Nil).

## 11. LOSS PER SHARE

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

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	<u>(151,730)</u>	<u>(7,021)</u>

### Number of shares

	2023 '000	2022 '000 (Restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>149,782</u>	<u>97,123</u>

The weighted average number of ordinary shares used to calculate the basic loss per share for both years have been adjusted to reflect the rights issue during the year ended 31 December 2023. Accordingly, the basic loss per share for the year ended 31 December 2022 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

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
Listed securities, at fair value:		
Equity securities listed in Hong Kong	<u>10,154</u>	<u>66,197</u>

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

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
At 1 January	66,197	97,308
Additions	–	1,167
Disposal	–	(28,150)
Changes in fair value through other comprehensive income	<u>(56,043)</u>	<u>(4,128)</u>
At 31 December	<u>10,154</u>	<u>66,197</u>

As at 31 December 2023, the balance represents two (2022: two) listed equity securities which are listed on the Stock Exchange. Details are as follows:

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
Equity securities listed in Hong Kong		
CMBC Capital Holdings Limited	2,485	17,200
Central Wealth Group Holdings Limited	<u>7,669</u>	<u>48,997</u>
At 31 December	<u><u>10,154</u></u>	<u><u>66,197</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 2023, no dividends (2022: HKD590,000) were received from those equity securities.

At 31 December 2023, the Group's financial assets at FVTOCI, with carrying amount of approximately HKD10,154,000 (2022: HKD66,197,000), have been pledged to secure the other borrowings granted to the Group (Note 19).

### 13. INVESTMENT IN CORPORATE BOND

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
Unlisted corporate bond issued by a Cayman Islands entity	<u><u>14,039</u></u>	<u><u>15,010</u></u>

The below table reconciled the financial asset at amortised cost:

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
At 1 January	20,000	–
Subscriptions on 26 October 2022	–	20,000
Add: interest incurred	<u>1,775</u>	<u>–</u>
	21,775	20,000
Less: Allowance for expected credit losses	<u>(7,736)</u>	<u>(4,990)</u>
At 31 December	<u><u>14,039</u></u>	<u><u>15,010</u></u>

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

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

The Group intended to hold and collect the repayments of principal and interest from the investment in corporate bond. As at 31 December 2023, the Group recognised provision for expected credit loss on investment in corporate bond amounted to approximately HKD7,736,000 (2022: HKD4,990,000).

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

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
Securities held for trading, at fair value:		
Equity securities listed in Hong Kong	62,542	114,551
Unlisted securities bonds issued by a PRC entity	–	5,482
An Unlisted investment fund in Cayman Island	<u>26,291</u>	<u>–</u>
	<u><b>88,833</b></u>	<u><b>120,033</b></u>

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

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
At 1 January	120,033	6,798
Additions	64,744	67,513
Disposals	(40,729)	(1,441)
Changes in fair value and net realised (loss)/gain from disposals	<u>(55,215)</u>	<u>47,163</u>
At 31 December	<u><b>88,833</b></u>	<u><b>120,033</b></u>

As at 31 December 2023, the fair values of equity securities listed in Hong Kong (2022: equity securities listed in Hong Kong and unlisted securities bonds issued by a PRC entity) were determined based on the quoted market closing prices on the Stock Exchange for listed equity securities (2022: Stock Exchange for listed equity securities and over-the-counter market for securities bond). During the year ended 31 December 2023, the dividends received from these equity securities and the interest income from debt instrument were approximately HKD981,000 (2022: HKD590,000) and HKD213,000 (2022: HKD426,000).

As at 31 December 2023, the Group's financial assets at FVTPL, with carrying amount of approximately HKD15,594,000 (2022: HKD63,995,000), have been pledged to secure the other borrowings granted to the Group (Note 19).

## 15. LOAN AND INTEREST RECEIVABLES

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
Current	187,300	169,704
Non-current	10,978	30,758
	<u>198,278</u>	<u>200,462</u>
Representing:		
From provision of financial services (including interest receivables of approximately HKD16,978,000 (2022: HKD8,771,000))	213,272	231,953
Less: Allowance for expected credit losses	(24,865)	(31,491)
	<u>188,407</u>	<u>200,462</u>
Note receivables (including interest receivables of approximately HKD582,000 (2022: Nil))	13,382	–
Less: Allowance for expected credit losses	(3,511)	–
	<u>9,871</u>	<u>–</u>
	<u>198,278</u>	<u>200,462</u>

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

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
On demand or within one year after the end of reporting period	187,296	169,704
More than one year, but not more than two years after the end of reporting period	10,982	19,664
More than two years, but not more than five years after the end of reporting period	–	11,094
	<u>198,278</u>	<u>200,462</u>

## 16. TRADE, BILLS AND OTHER RECEIVABLES

	<i>Notes</i>	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
Trade receivables, gross		2,277	11,999
Less: Allowance for expected credit losses		<u>(665)</u>	<u>(8,937)</u>
Trade receivables, net	(i)	<u>1,612</u>	<u>3,062</u>
Other receivables, gross		71,983	52,445
Less: Allowance for expected credit losses		<u>(24,251)</u>	<u>(12,059)</u>
		<u>47,732</u>	<u>40,386</u>
Deposit and prepayment		<u>3,537</u>	<u>24,196</u>
Bills receivables	(ii)	<u>–</u>	<u>1,786</u>
		52,881	69,430
Less: rental deposit classified as non-current asset		<u>(249)</u>	<u>(1,485)</u>
		<u>52,632</u>	<u>67,945</u>

*Notes:*

### (i) Trade receivables

As at 31 December 2023 and 2022, 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:

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
0–30 days	290	643
31–90 days	580	290
91–180 days	300	653
181–360 days	600	473
Over 360 days	507	9,940
Less: Allowance for expected credit losses	<u>(665)</u>	<u>(8,937)</u>
	<u>1,612</u>	<u>3,062</u>

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

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
Not yet past due	290	643
Less than 30 days past due	580	290
31 days to 90 days past due	300	647
91 days to 180 days past due	442	1,048
181 days to 365 days past due	–	431
More than 1 year past due	–	3
	<u>1,612</u>	<u>3,062</u>

(ii) **Bills receivables**

The Group endorsed certain bill receivables (the “**Endorsed Bills**”) with a carrying amount of approximately HKD Nil (2022: HKD1,786,000) as at 31 December 2023 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 HKD Nil (2022: HKD1,786,000) as at 31 December 2023.

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 (2022: Nil) as at 31 December 2023.

**17. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES**

	<i>Notes</i>	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
Trade payables	(i)	337	23,410
Government loans	(ii)	–	8,967
Other payables		3,440	6,512
Accruals		9,657	11,625
Rental deposits received		1,204	1,504
		<u>14,638</u>	<u>52,018</u>

Notes:

**(i) Trade payables**

The credit period granted by suppliers of the Group is ranging from 30 to 120 days (2022: 30 to 120 days) for the year. The ageing analysis of the trade payables based on invoice date is as follows:

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
0-30 days	–	1,786
31-90 days	–	–
91-360 days	–	12,583
Over 360 days	<u>337</u>	<u>9,041</u>
	<u><u>337</u></u>	<u><u>23,410</u></u>

The aggregate carrying amount of trade payables under the Endorsement amounted to approximately HKD Nil (2022: HKD1,786,000) as at 31 December 2023, do not meet the de-recognition requirements in HKFRS 9. The corresponding financial assets are included in trade, bills and other receivables.

**(ii) Government loans**

As at 31 December 2022, Government loan amounting to approximately RMB7,963,000 (equivalent to approximately HKD8,967,000) represented a government loan received by a PRC subsidiary of the Company in prior years. The PRC subsidiary is required to fulfill certain financial and operating conditions for the coming 10 years since the date of the government loans agreements. If the PRC subsidiary was able to fulfill those conditions, the government loan will be forgiven by the government at the end of the specific period. The government loan is charged at an interest rate according to the People's Bank of China.

As at 31 December 2022, the accrued interest of government loans amounting to approximately HKD1,062,000 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.

During the year ended 31 December 2023, the government loan amounting to approximately RMB8,905,000 equaled to approximately HKD9,602,000 (including interest payable of approximately RMB942,000 (equivalent to approximately HKD1,016,000)) was derecognised with disposal of a subsidiary on 22 March 2023.

## 18. BANK BORROWINGS

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
Secured bank borrowings	<u>276,783</u>	<u>285,914</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>187,443</u>	195,700
Carrying amount repayable within one year	<u>89,340</u>	90,214
	<u>276,783</u>	<u>285,914</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:

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
Within one year	89,340	90,214
More than one year, but within two years	9,694	10,440
More than two years, but within five years	31,279	33,181
More than five years	<u>146,470</u>	<u>152,079</u>
	<u>276,783</u>	<u>285,914</u>

As at 31 December 2023, 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) (2022: (i) 2.5% per annum below HKD Prime Rate, (ii) 2% per annum over HIBOR (1 month) or 2.5% per annum below HKD Prime rate, whichever is the lower, (iii) 2.5% per annum over HIBOR (1 week to 1 month) and (iv) fixed rate at 3.85% per annum)). The weighted average effective interest rates per annum on the bank borrowings are as follows:

	2023	2022
Secured bank borrowings	<u>3.50%–6.72%</u>	<u>2.44%–3.97%</u>

As at 31 December 2023, the Group's bank borrowings are secured by the investment properties amounting to approximately HKD604,000,000 (2022: HKD660,000,000).

## 19. OTHER BORROWINGS

		2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
Other borrowings due to:			
Securities Broker A	(i)	50,283	49,542
Securities Broker B	(ii)	34,906	34,906
Central Wealth Securities Investments Limited ("CWSI")	(iii)	<u>2,930</u>	<u>2,221</u>
		<u>88,119</u>	<u>86,669</u>

Notes:

**(i) Securities Broker A**

On 26 March 2018, a wholly-owned subsidiary of the Group, Golden Horse Hong Kong Investment Limited (“**Golden Horse**”), entered into a margin loan account client agreement (the “**Margin Loan Agreement A**”) with Securities Broker A, an independent securities broker. Pursuant to the Margin Loan Agreement A, Securities Broker A provided a margin loan facility to the Group up to HKD82,000,000 (2022: HKD82,000,000).

At 31 December 2023, the Group has utilised approximately HKD50,283,000 (2022: HKD49,542,000) of the margin loan facility granted by Securities Broker A. The loan has been interest free effective from June 2023, resulting an average interest rate of 3.125% (2022: 7.5%) per annum.

**(ii) Securities Broker B**

On 8 June 2018, Golden Horse entered into a revolving loan account client agreement (the “**Revolving Loan Agreement**”) with Securities Broker B, an independent authorised financial institution. Pursuant to the Revolving Loan Agreement, Securities Broker B provided a revolving loan facility to the Group up to HKD35,000,000 (2022: HKD35,000,000) at an interest rate of HKD Prime Rate – 2% per annum. At 31 December 2023, the Group has utilised approximately HKD34,906,000 (2022: HKD34,906,000) of the margin loan facility granted by Securities Broker B.

**(iii) CWSI**

In 2018, the Company entered into certain services agreements with CWSI, a subsidiary of Central Wealth Group Holdings Limited (the “**Margin Financier**”). Pursuant to the services agreements, the Margin Financier provided a margin loan facility to the Group with daily maximum amounts not exceeding HKD100,000,000 and margin loan interest not exceeding HKD8,000,000 per annum. The other borrowings due to the Margin Financier would be repayable on demand and may be varied or terminated in the absolute discretion of the Margin Financier. At as 31 December 2023, the Group has utilised approximately HKD2,930,000 (2022: HKD2,221,000) of the margin loan facility granted by CWSI.

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

	2023 HKD'000	2022 HKD'000
Within one year or on demand	<u>88,119</u>	<u>86,669</u>

Partial of the other borrowings amounting to approximately HKD50,283,000 (2022: HKD49,542,000) are subject to the fulfilment of covenants, but certain covenants have not been fulfilled. The directors of the Company do not consider that it is probable that the securities brokers will exercise their discretion to demand immediate repayment. The directors of the Company believe that such other borrowings will be repaid in accordance with the scheduled repayment dates as determined by the agreements.

**20. BOND PAYABLE**

The Group issued a bond at principal amount of HKD42,200,000 with maturity date on 4 January 2025 which bears a floating interest at 2.5% per annum over HKD Prime rate payable quarterly in arrears with a net carrying amount of approximately HKD45,752,000 as at 31 December 2023, of which approximately HKD3,552,000 interest payable was classified as current liabilities and HKD42,200,000 was classified as non-current liabilities as at 31 December 2023.

## 21. SHARE CAPITAL

	Number of ordinary shares <i>(Note (i))</i>	Number of preference shares	Amount <i>HKD'000</i>
<b>Share capital</b>			
Ordinary shares of HKD0.02 each (before share consolidation) and HKD0.4 each (after share consolidation)			
Authorised:			
At 1 January 2022	12,474,000,000	26,000,000	250,000
Share consolidation <i>(Note (ii))</i>	<u>(11,850,300,000)</u>	<u>(24,700,000)</u>	<u>–</u>
<b>At 31 December 2022, 1 January 2023 and 31 December 2023</b>	<b><u>623,700,000</u></b>	<b><u>1,300,000</u></b>	<b><u>250,000</u></b>
Issued and fully paid:			
At 1 January 2022	1,093,921,858	–	21,878
Share consolidation <i>(Note (ii))</i>	(1,039,225,766)	–	–
Issuance of share upon rights issue <i>(Note (iii))</i>	<u>61,399,399</u>	<u>–</u>	<u>24,560</u>
At 31 December 2022 and 1 January 2023	116,095,491	–	46,438
Issuance of share upon rights issue <i>(Note (iv))</i>	<u>116,095,491</u>	<u>–</u>	<u>46,438</u>
<b>At 31 December 2023</b>	<b><u>232,190,982</u></b>	<b><u>–</u></b>	<b><u>92,876</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 on 23 February 2022 immediately after the share consolidation, the total number of issued shares of the Company was adjusted from 1,093,921,858 to 54,696,092.

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

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

- (iv) On 16 June 2023, the Company announced the proposed rights issue on the basis of one rights shares for every one rights shares at the subscription price of HKD0.6 per right share. Pursuant to the underwriter agreement entered with an independent placing agent, Central Wealth Securities Investment Limited on 16 June 2023, shares to be underwritten by the underwriter shall be equivalent to the number of the right issue.

The rights issue and placing for those unsubscribed rights shares were completed on 3 October 2023, and 116,095,491 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 HKD3,691,000, amounted to approximately HKD65,966,000. Accordingly, the Company's share capital increased by approximately HKD46,438,000 and the remaining balance of the net proceeds of approximately HKD19,528,000 was credited to the share premium account.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS

The Group's revenue for the year ended 31 December 2023 has decreased to approximately HKD38,948,000, which is 17.4% lower compared with the revenue of approximately HKD47,137,000 for the year ended 31 December 2022. The decrease in revenue was mainly attributed to the decrease in revenue of the segment of the provision of financing services. The Group recorded a net loss of approximately HKD152,531,000 for the year ended 31 December 2023 (2022: approximately HKD15,605,000). The increase in net loss was mainly attributable to (i) fair value loss of financial assets at fair value through profit or loss of approximately HKD50,691,000 for the year ended 31 December 2023 (2022: fair value gain of approximately HKD47,130,000) and (ii) fair value loss of investment properties of approximately HKD67,069,000 for the year ended 31 December 2023 (2022: approximately HKD12,860,000).

The Group recorded a net loss of approximately HKD151,730,000 attributable to shareholders of the Company (2022: approximately HKD7,021,000) and basic and diluted loss per share attributable to the owners of the Company of HKD1.01 for the year ended 31 December 2023 (2022: HKD0.07 (restated)).

### BUSINESS REVIEW

#### Property investment

As at 31 December 2023, the Group had (i) two residential properties located at No. 19, Cumberland Road, Kowloon Tong, Hong Kong (approximate saleable area of 5,808 square feet) and No. 1, Lincoln Road, Kowloon Tong, Hong Kong (approximate saleable area of 6,892 square feet); (ii) one commercial property located at G/F, No. 20 Kwun Chung Street, Kowloon, Hong Kong (approximate saleable area of 684 square feet with a yard of 193 square feet); and (iii) 19 retail units in a development district known as "Fortune Town" (振業城) located at Henggang Road, Longgang District, Shenzhen, the People's Republic of China (the "PRC") (中國深圳市龍崗區橫崗街道).

During the year ended 31 December 2023, the Group recorded rental income of approximately HKD6,679,000 (2022: approximately HKD7,108,000) and fair value loss of approximately HKD67,069,000 (2022: approximately HKD12,860,000) on investment properties from the property investment segment primarily due to the poor sentiment in the Hong Kong real estate market.

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. On 18 March 2024, the Group agreed to acquire equity interests in two companies principally engaged in real estate and property management, with an aim to facilitating the expansion of the Group's service offerings to property management and diversified the Group's property investment portfolio in the PRC. For further details, please refer to "EVENTS AFTER THE REPORTING PERIOD – Acquisitions of MLH Property and Zhi Ying Property" below.

## Treasury business

The treasury business of the Group includes securities trading and investment and provision of financial services.

### *Securities trading and investment*

The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. The securities investments were classified under financial assets at fair value through other comprehensive income (“**Financial Assets at FVTOCI**”) and financial assets at fair value through profit or loss (“**Financial Assets at FVTPL**”) in the consolidated financial statements. As at 31 December 2023, the Group’s securities trading portfolio comprised of equity securities of Central Wealth Group Holdings Limited (“**Central Wealth**”, stock code: 0139), CMBC Capital Holdings Limited (“**CMBC Capital**”, stock code: 1141), Shandong Hi-Speed Holdings Group Limited (“**SDHG**”, stock code: 0412), Shanghai Conant Optical Co., Ltd. (“**SH Optical**”, stock code: 2276), LX Technology Group Limited (“**LX Tech**”, stock code: 2436), Fenbi Ltd. (“**Fenbi**”, stock code: 2469) and HG Semiconductor Limited (“**HG**”, stock code: 6908), which are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

As a whole, the securities trading and investment segment recorded a loss of approximately HKD61,800,000 for the year ended 31 December 2023 (2022: a profit of approximately HKD38,430,000). The loss was mainly due to fair value loss of Financial Assets at FVTPL of approximately HKD50,691,000 for the year ended 31 December 2023 (2022: fair value gain of approximately HKD47,130,000). The Group recorded dividend income of approximately HKD981,000 (2022: approximately HKD590,000) and interest income from debt instrument of approximately HKD213,000 (2022: approximately HKD426,000). Besides, the Group recorded net realised loss of Financial Assets at FVTPL of approximately HKD4,524,000 (2022: net realised gain of approximately HKD33,000). For the securities investment under Financial Assets at FVTOCI, the Group recorded a fair value loss of approximately HKD56,043,000 for the year ended 31 December 2023 (2022: approximately HKD4,128,000) through other comprehensive income. As at 31 December 2023, the carrying amount of investment in corporate bond was approximately HKD14,039,000 (2022: approximately HKD15,010,000) and the Group recorded the provision for expected credit loss on investment in corporate bond of approximately HKD7,736,000 (2022: approximately HKD4,990,000) during the year ended 31 December 2023.

As at 31 December 2023, details of the securities investments held are as follows:

Name of the investees	Number of shares held	Percentage of equity interests	Original cost of the interest	Market value of the interest	Fair value loss	Release of fair value loss from fair value reserve
		as at 31.12.2023	as at 31.12.2023	as at 31.12.2023	for the year	for the year
			HKD'000	HKD'000	HKD'000	HKD'000
<b>FVTOCI</b>						
Central Wealth (stock code: 0139)	426,061,316	2.543%	33,188	7,669	(41,328)	–
CMBC Capital (stock code: 1141)	7,890,000	0.705%	4,093	2,485	(14,715)	–
Subtotal			<u>37,281</u>	<u>10,154</u>	<u>(56,043)</u>	<u>–</u>
Name of the investees	Number of shares held	Percentage of equity interests	Original cost of the interest	Market value of the interest	Fair value gain/(loss)	Realised loss
		as at 31.12.2023	as at 31.12.2023	as at 31.12.2023	for the year	for the year
			HKD'000	HKD'000	HKD'000	HKD'000
<b>FVTPL</b>						
SDHG (stock code: 0412)	6,715,500	0.112%	36,763	40,763	4,000	(138)
Central Wealth (stock code: 0139)	507,724,000	3.030%	53,909	9,139	(44,770)	(230)
SH Optical (stock code: 2276)	1,020,000	0.239%	4,998	7,201	2,203	–
LX Tech (stock code: 2436)	540,000	0.153%	7,772	4,104	(3,668)	–
Fenbi (stock code: 2469)	240,000	0.011%	2,928	1,102	(1,826)	–
HG (stock code: 6908)	390,000	0.052%	1,498	233	(921)	–
TradeGo (stock code: 8017)	–	–	–	–	–	(4,115)
Investment fund in Cayman Island	N/A	N/A	32,000	26,291	(5,709)	–
Securities bond issued by a PRC entity	N/A	N/A	–	–	–	(41)
Subtotal			<u>139,868</u>	<u>88,833</u>	<u>(50,691)</u>	<u>(4,524)</u>
Total			<u>177,149</u>	<u>98,987</u>	<u>(106,734)</u>	

As at 31 December 2023, the Group held securities investment portfolio with market value of approximately HKD98,987,000 (2022: approximately HKD186,230,000). Except for the investment in SDHG, as at 31 December 2023, there were no other investments held by the Group of which value was more than 5% of the net assets of the Group.

## *Performance and prospects of the major investees*

### Central Wealth

Central Wealth and its subsidiaries (the “**Central Wealth Group**”) are currently licensed under the Securities and Futures Commission (“**SFC**”) to engage in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities, as well as money lending business under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the “**Money Lenders Ordinance**”), financial investments and the Chinese medicine clinics business.

As mentioned in Central Wealth’s interim report for the six months ended 30 June 2023, the Central Wealth Group recorded a revenue of approximately HKD81.6 million for the six months ended 30 June 2023, representing a decrease of approximately 57.0% from approximately HKD189.8 million for the six months ended 30 June 2022. Loss after tax of approximately HKD30.5 million was recorded for the six months ended 30 June 2023, representing a decrease of approximately 46.8% from approximately HKD57.3 million for the six months ended 30 June 2022. The basic and diluted loss per share attributable to owners of the Central Wealth Group for the six months ended 30 June 2023 were HKD0.18 cent (30 June 2022: HKD0.36 cent).

The closing price of Central Wealth was HKD0.018 as at 31 December 2023 (31 December 2022: HKD0.115).

### CMBC Capital

CMBC Capital and its subsidiaries (the “**CMBC Capital Group**”) are currently licensed under SFC to engage in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, as well as financing and money lending business with the capacity as “exempted persons” defined in the Money Lenders Ordinance (no license required pursuant to the Money Lenders Ordinance). China Minsheng Banking Corporation Limited, a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 1988) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 600016), is a substantial shareholder holding over 60% of the issued shares of CMBC Capital as at 31 December 2023.

As mentioned in CMBC Capital’s interim report for the six months ended 30 June 2023, the CMBC Capital Group recorded a revenue of approximately HKD265.2 million for the six months ended 30 June 2023, representing a decrease of approximately 36.4% from approximately HKD417.1 million for the six months ended 30 June 2022. Loss after tax of approximately HKD250.5 million was recorded for the six months ended 30 June 2023, representing a decrease of approximately 10.1% from approximately HKD278.6 million for the six months ended 30 June 2022. The basic and diluted loss per share attributable to owners of the CMBC Capital Group for the six months ended 30 June 2023 were HKD22.32 cents (30 June 2022: HKD23.93 cents).

The closing price of CMBC Capital was HKD0.315 as at 31 December 2023 (31 December 2022: HKD2.18).

## SDHG

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

As mentioned in SDHG’s interim report for the six months ended 30 June 2023, the SDHG Group recorded a revenue of approximately HKD3,074.2 million for the six months ended 30 June 2023, representing an increase of approximately 152.6% from approximately HKD1,216.8 million for the six months ended 30 June 2022. Profit after tax of approximately HKD90.0 million was recorded for the six months ended 30 June 2023, representing a decrease of approximately 70.1% from approximately HKD300.9 million for the six months ended 30 June 2022. The basic and diluted loss per share attributable to owners of the SDHG Group for the six months ended 30 June 2023 were HKD4.89 cents (30 June 2022: basic and diluted earnings per share of HKD1.26 cents).

The closing price of SDHG was HKD6.07 as at 31 December 2023 (31 December 2022: HKD5.72).

## SH Optical

SH Optical and its subsidiaries (the “**SH Optical Group**”) are principally engaged in manufacture and sale of resin spectacle lenses.

As mentioned in SH Optical’s interim report for the six months ended 30 June 2023, the SH Optical Group recorded a revenue of approximately RMB831.2 million for the six months ended 30 June 2023, representing an increase of approximately 11.3% from approximately RMB746.6 million for the six months ended 30 June 2022. Profit after tax of approximately RMB158.6 million was recorded for the six months ended 30 June 2023, representing an increase of approximately 34.3% from approximately RMB118.1 million for the six months ended 30 June 2022. The basic and diluted earnings per share attributable to owners of the SH Optical Group for the six months ended 30 June 2023 were RMB0.37 (30 June 2022: RMB0.28).

The closing price of SH Optical was HKD7.06 as at 31 December 2023 (31 December 2022: HKD4.72).

## LX Tech

LX Tech and its subsidiaries (the “**LX Group**”) are engaged in device recycling business, provision of device subscription services and information technology technical subscription services.

As mentioned in LX Tech’s annual results announcement for the year ended 31 December 2023, the LX Group recorded a revenue of approximately RMB1,793.1 million for the year ended 31 December 2023, representing an increase of approximately 7.8% from approximately RMB1,664.0 million for the year ended 31 December 2022. Loss after tax of approximately RMB131.03 million for the year ended 31 December 2023 was recorded, as compared to profit after tax of approximately RMB99.95 million for the year ended 31 December 2022. The basic and diluted loss per share attributable to owners of the LX Tech Group for the year ended 31 December 2023 were RMB0.43 (31 December 2022: basic earnings per share and diluted loss per share attributable to owners of the LX Tech Group of RMB0.72 and RMB0.38, respectively).

The closing price of LX Tech was HKD7.60 as at 31 December 2023 (31 December 2022: HKD11.12).

## Fenbi

Fenbi and its subsidiaries (the “**Fenbi Group**”) are principally engaged in providing non-formal vocational education and training services in the PRC.

As mentioned in Fenbi’s interim report for the six months ended 30 June 2023, the Fenbi Group recorded a revenue of approximately RMB1,682.3 million for the six months ended 30 June 2023, representing an increase of approximately 15.9% from approximately RMB1,451.0 million for the six months ended 30 June 2022. Profit after tax of approximately RMB81.5 million was recorded for the six months ended 30 June 2023, as compared to loss after tax of approximately RMB391.8 million for the six months ended 30 June 2022. The basic and diluted earnings per share attributable to owners of the Fenbi Group for the six months ended 30 June 2023 were RMB0.04 (30 June 2022: RMB0.54).

The closing price of Fenbi was HKD4.59 as at 31 December 2023 (9 January 2023 (first day of listing): HKD11.10).

## HG

HG and its subsidiaries (the “**HG Group**”) are principally engaged in the design, development, manufacturing, subcontracting service and sales of semiconductors products, including light-emitting diode (LED) beads, gallium nitride (GaN) chips, GaN components and related application products, and fast charging products in the PRC.

As mentioned in HG’s interim report for the six months ended 30 June 2023, the HG Group recorded a revenue of approximately RMB45.9 million for the six months ended 30 June 2023, representing an increase of approximately 5.8% from approximately RMB43.4 million for the six months ended 30 June 2022. Loss after tax of approximately RMB51.9 million was recorded for the six months ended 30 June 2023, as compared to loss after tax of approximately RMB51.5 million for the six months ended 30 June 2022. The basic and diluted loss per share attributable to owners of the HG Group for the six months ended 30 June 2023 were RMB8.39 cents (30 June 2022: RMB9.14 cents).

The closing price of HG was HKD0.60 as at 31 December 2023 (31 December 2022: HKD2.96).

### *Provision of financing services*

The Group provides financial services through its wholly-owned subsidiary Globally Finance Limited (“**Globally Finance**”), a company incorporated in Hong Kong since early 2015. Globally Finance holds a valid money lender’s license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the “**Money Lenders Ordinance**”) and is principally engaged in loan financing business by providing secured and unsecured loans to its customers. All money lending transactions to borrowers are financed by the Group’s internal funds.

The Group reaches out to potential individual and corporate customers through the business and social networks of its management. Referrals of borrowers from existing clients are also welcomed. Globally Finance assesses the creditworthiness of each potential customers based on its credit policies and procedures to evaluate their loan applications.

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

The Group adhered to its effective comprehensive policy and prudent procedures relating to loan approvals, renewals, top-ups, recovery, compliance, monitoring and anti-money laundering.

Globally Finance is operated and managed by its management committee. The management committee of Globally Finance comprised 2 individuals as at 31 December 2023, which were directors of Globally Finance. All members of the management committee have years of experience in accounting, corporate development and/or financial management experience and have overseen the business operations of Globally Finance. All loans are required to be approved by the management committee of Globally Finance.

Interest income from the Group’s money lending business during the year ended 31 December 2023 amounted to approximately HKD12,891,000, showing a decrease of approximately 38.8% from approximately HKD21,063,000 in 2022. Operating profit from this business segment amounted to approximately HKD20,616,000 during the year ended 31 December 2023 (2022: operating loss of approximately HKD5,527,000).

As at 31 December 2023, the total gross amount of loan and interest receivables amounted to HKD213,272,000 (2022: HKD231,953,000) and Globally Finance Group granted loans to 11 (2022: 17) borrowers under its money lending business. 2 (2022: 2) of the borrowers were corporate borrowers and were listed companies in Hong Kong. The remaining 9 (2022: 15) borrowers were individual borrowers and the loans were personal loans. As at 31 December 2023, save for 1 (2022: 1) individual borrower (the “**Connected Borrower**”), all the other borrowers were third parties independent of and not connected with the Company and/or its subsidiaries. The annual interest rates for loans ranged from 5.0% to 7.7% (2022: 5.0% to 7.7%). The grant of loan to the Connected Borrower was on normal commercial terms and within the de minimis exemption under Chapter 14A of the Listing Rules.

Details of loan granted as at 31 December 2023 are as follows:

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

*Notes:*

- (i) These loans were fully settled subsequently after the year ended 31 December 2023.
- (ii) As at the date of this announcement, Personal Borrower B has subsequently settled approximately HKD8.5 million, leaving a remaining balance of approximately HKD19.1 million. The balance was secured by PRC properties valued at HKD21.2 million as at 31 December 2023.
- (iii) As at the date of this announcement, Personal Borrower C has subsequently settled approximately HKD23.8 million, leaving a remaining balance of approximately HKD8.6 million. The balance was secured by PRC properties valued at the HKD17.8 million as at 31 December 2023.
- (iv) Corporate Borrower A provided 65,356,000 shares of a company listed in Hong Kong to the Group as collateral with a total fair value of approximately HKD396,711,000 as at 31 December 2023. The loan was secured by collaterals which are equity securities listed in Hong Kong.
- (v) Corporate Borrower B was under winding-up procedure and the outstanding balance due from this borrower has been fully written-off as at the date of this announcement.

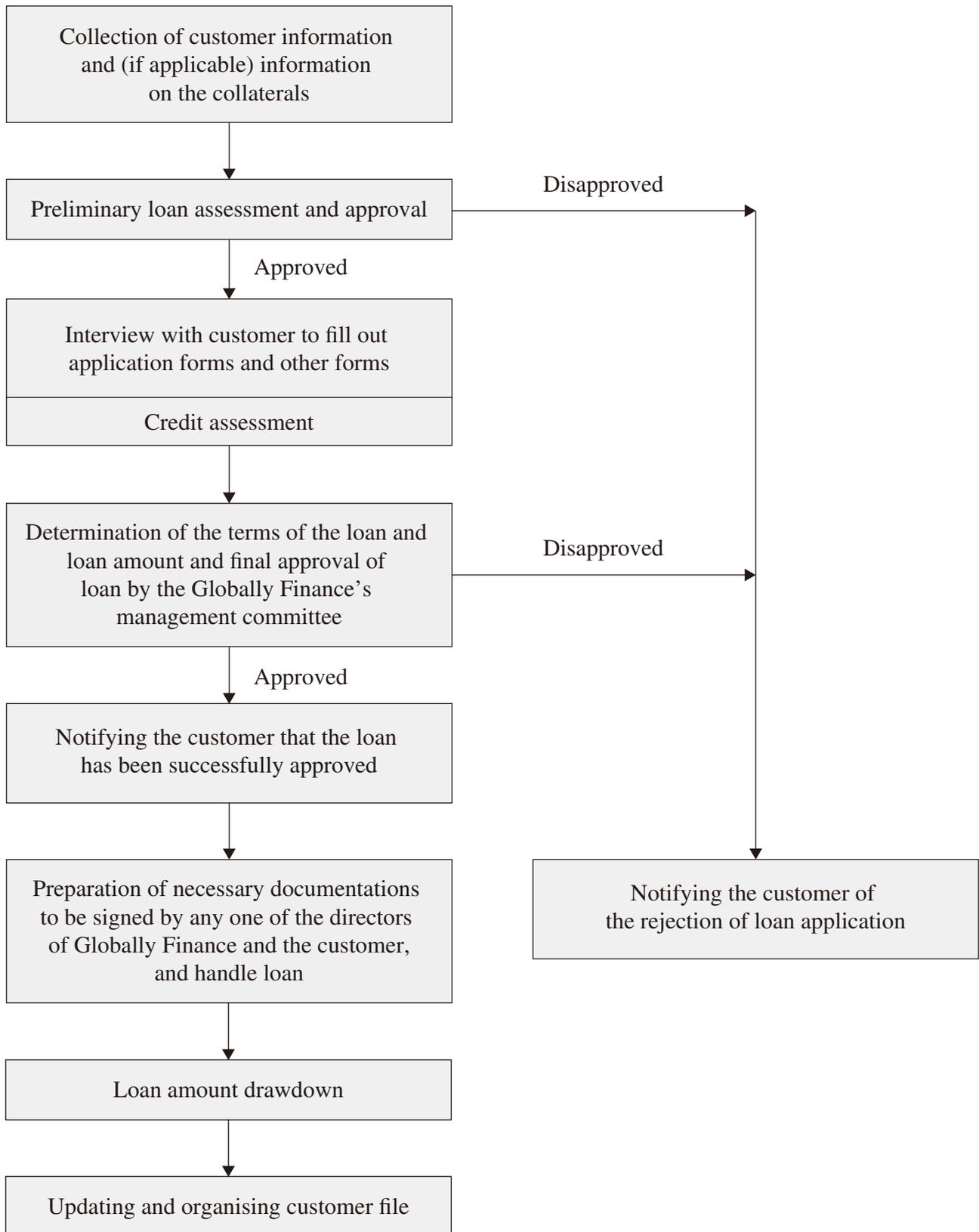
The actual interest rate offered by Globally Finance is affected by a number of factors including the term and amount of the loans, the availability of collaterals and the prevailing bank lending interest rate. Applicants with stronger repayment ability usually receive more favourable financing terms and less security and/or collaterals may be required. In general, unsecured loans have higher interest rates and shorter loan terms, while secured loans usually have lower interest rates. Furthermore, the loan size is taken into consideration, with larger loans generally charging higher interest rates.

In respect of the loan granted to Corporate Borrower A, the revolving loan facility was originally granted in 2017 with an interest rate of 8%, which was the market rate at that time. The interest rate was reduced to 7% in 2020 after arm's length negotiations taking into consideration of a number of factors, including the credit assessment, the loan amount and the bank lending rate at that time. Corporate Borrower A is a company listed on the Main Board of the Stock Exchange. The grant of loan to Corporate Borrower A and the extension of loan tenor of such loan were duly approved by the shareholders of the Company at the extraordinary general meetings held on 16 December 2020 and 15 March 2024, respectively. As such, Globally Finance considered that whilst the loan amount granted to Corporate Borrower A was significantly higher than the other borrowers, the loan amount and the interest rate were justified.

To mitigate the risks associated with its business, Globally Finance has adopted a set of credit policies and procedures as set out in its credit policy and procedure manual, which gives a clear guideline for granting loans and enabling the management committee to assess the risks and financial position of the potential borrowers. Globally Finance follows standard commercial practices by conducting credit review procedures to determine the ability of applicants to fulfill their financial obligations. Applications must comply with specific credit constraints before being reviewed by the management committee of Globally Finance. Applicants are required to submit all information necessary for conducting the reviews as required by Globally Finance. In assessing a borrower's application, the following parameters must be reasonably taken into consideration:

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

Set out below is the standard credit review procedure adopted by Globally Finance:



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

The Group confirms that it has complied with the requirements in Chapters 14 and/or 14A of the Listing Rules when granting loans to each of the borrowers, whose loan(s) remained outstanding as at 31 December 2023.

Save for the grant of loan to the Connected Borrower as disclosed above, the Group had no agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person with respect to the grant of loans to the borrower(s) whose loan(s) remained outstanding as at 31 December 2023 and 2022.

During the year ended 31 December 2023, the Group assessed and estimated credit loss allowances (“**ECL**”) for the loan and interest receivables according to the requirement of Hong Kong Financial Reporting Standard (“**HKFRS**”) 9 issued by the Hong Kong Institute of Certified Public Accountants. In calculating the ECL rates, the Group considered historical loss rates for each category, the prevailing economic conditions, the value of the collateral and adjusts for forward looking data. Loans which were classified as ‘Loss’ should be written off and the final approval should be obtained from Globally Finance’s management committee.

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

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

- the latest income proof;
- any material change in assets/liabilities;
- bank account statement;
- property land search report; and
- 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) requirements (if any).

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

Based on the result of credit assessment on debtors, the ECL on loan and interest receivables as at 31 December 2023 was approximately HKD24,865,000 (2022: approximately HKD31,491,000), and reversal of ECL on loan and interest receivables of approximately HKD3,115,000 (2022: ECL of approximately HKD9,987,000) was credited (2022: charged) to consolidated profit or loss for the year ended 31 December 2023.

### **High technology business**

Innovation technology is an important growth engine for future economic development. Technology is leading the world into a new era, bringing 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 for years including but not limited to technology industry, intelligent robotics and related services and artificial intelligence products and application solutions. During the year ended 31 December 2023, a revenue of approximately HKD17,134,000 (2022: approximately HKD16,071,000) was generated and a loss of approximately HKD302,000 (2022: approximately HKD18,917,000) was recorded from the segment of high technology business. During the year, the Group disposed of 51% of the share capital of Hefei Hagong Welding Research Weida Automation Technology Co. Ltd.\* (合肥哈工焊研威達自動化科技有限公司) (“**Hagong Welding Research**”), an indirect subsidiary of the Company, for a total cash consideration of RMB1,500,000. Upon completion of the disposal, the Group ceased to hold any interests in Hagong Welding Research and its subsidiary. A gain on disposal of subsidiaries of approximately HKD4,838,000 was recognised during the year.

During the year ended 31 December 2023, the revenue in high technology business was contributed by integrated circuit business. The Group has built up a technical team with strong technical and education background and years of experience in robotic-related business. Their experiences and expertise cover mechanical and robotic engineering, mechanical designs and electrical designs. Moreover, the management and operation team possesses extensive professional and social networks that enables the Group to provide value-added services to its customers.

## **Securities brokerage business**

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

During the year ended 31 December 2023, revenue of approximately HKD1,050,000 (2022: Nil) was generated and a loss of approximately HKD142,000 (2022: approximately HKD1,050,000) was recorded for the securities brokerage business.

## **Trading business and related services**

Trading business and related services include trading of COVID-19 test kits.

Sky Faith International Investment Limited, a wholly-owned subsidiary of the Company, has been, on an exclusive basis, authorised and appointed as the Hong Kong Exclusive Authorisation Distributor (excluding Mainland China) of "OJABIO", a brand of United Cn Limited, the predecessor of which is known as Wenzhou OJA Biotechnology Co., Ltd. for (1) COVID-19 Antigen Test Kits; and (2) Real-time PCR Test Kits for COVID-19 (together as the "**Test Kits**") for a term of three years from 25 November 2020. The Test Kits are effective and efficient detection kits for qualitative determination of the presence of the COVID-19 in the human body and can provide affordable "early diagnosis" solutions for society. Relevant certifications have also been obtained for the Test Kits.

During the year ended 31 December 2023, no revenue (2022: approximately HKD1,879,000) was generated and a loss of approximately HKD705,000 (2022: approximately HKD739,000) was recorded as a whole for the segment of trading business and related services. With an aim to focus its resources and manpower on other main businesses of the Group, the Group ceased its trading business of the Test Kits since the end of 2022.

## **PROSPECTS AND OUTLOOK**

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; and (vii) hotel management and operation. The Group will continue to explore opportunities in these core businesses so as to create long-term value for its Shareholders.

Whilst the high technology business segment of the Group has continued to contribute to the Group, in light of the disruption in the supply chain as a result of the COVID-19 pandemic, the Group is in the course of reviewing its high technology business and expects that the business environment of high technology business segment and outlook for the coming financial year will remain highly challenging and uncertain. To mitigate the impact of the COVID-19 pandemic on the high technology business segment, the Group has been continuously exploring suitable opportunities of investment with the objectives of broadening sources of income and maximising the Shareholders' interests.

In March 2024, the Group completed its acquisition of Shanxi Ronghuitong Junting Hotel Co., Ltd.\* (山西融匯通君亭酒店有限公司) and Shanxi Ronghuitong Hotel Management Co., Ltd.\* (山西融匯通酒店管理有限公司), providing a valuable entry into the hotel management and operation market in Shanxi Province, the PRC. After the COVID-19 pandemic, the PRC government started to ease travel restrictions in early 2023 after the epidemic abated. Some incentive policies were released by the PRC government to boost tourism. The Chinese hotel sector demonstrated a resilient recovery during the first nine months of 2023 and the occupancy rate was close to pre-pandemic levels. In particular, the “golden week” holiday recorded an all-time high occupancy rate, predominantly driven by domestic tourism, especially in lower-tier cities. Despite these developments, China’s hotel industry remains relatively affordable compared to other Asia-Pacific markets, reflecting its stable and attractive position within the current economic climate. The entry into the PRC’s hotel management and operation market diversified the revenue streams of the Group. The Group is optimistic to the long-term economic growth in the PRC and 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.

## **FINANCIAL REVIEW**

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

During the year ended 31 December 2023, the Group mainly financed its operations by cash generated from the operation, bank borrowings and net proceeds from the Rights Issue 2022 and the Right Issue 2023 as set forth in the section headed “Use of Proceeds from the Rights Issue”. The Group had total bank deposits and cash and bank balances of approximately HKD81,721,000 as at 31 December 2023 (2022: approximately HKD38,983,000). The Group had total borrowings of approximately HKD364,902,000 (2022: approximately HKD372,583,000) which were comprised of bank borrowings of approximately HKD276,783,000 (2022: approximately HKD285,914,000) and other borrowings of approximately HKD88,119,000 (2022: approximately HKD86,669,000) as at 31 December 2023.

\* *For identification purposes only*

As at 31 December 2023, among the bank borrowings of the Group, approximately HKD89,340,000 were repayable within one year, approximately HKD9,694,000 were repayable over one year but not exceeding two years, approximately HKD31,279,000 were repayable over two years but not exceeding five years and approximately HKD146,470,000 were repayable over five years. The bank borrowings had 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 and (iii) 2.5% per annum over HIBOR (1 week to 1 month).

Other borrowings of the Group were comprised of margin loans and revolving loans. The margin loan payables had a fixed interest at 7.5% per annum. The margin loan payables were repayable within one year and guaranteed by the Company as at 31 December 2023 and 2022. The revolving loans had an interest rate of 2% per annum below HKD Prime Rate.

The gearing ratio, calculated by dividing total borrowings by total equity, was 45.55% (2022: 39.83%) as at 31 December 2023. Net assets were approximately HKD801,065,000 (2022: approximately HKD935,461,000) on the same date.

As at 31 December 2023, the Group had total current assets of approximately HKD410,486,000 (2022: approximately HKD404,262,000) and total current liabilities of approximately HKD382,348,000 (2022: approximately HKD433,278,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.07 (2022: 0.93) as at 31 December 2023.

The Group's finance costs for the year were approximately HKD19,318,000 (2022: approximately HKD14,301,000) and were mainly related to interests paid on the bank borrowings and margin loans. The increase in finance costs was due to the increase in interest rate during the year ended 31 December 2023.

### **Pledge of assets**

At 31 December 2023, the Group's investment properties, with a carrying amount of HKD604,000,000 (2022: approximately HKD660,000,000), were pledged to secure the bank borrowings granted to the Group.

As at 31 December 2023, the Group had pledged an investment property with a carrying amount of HKD270,000,000 (2022: approximately HKD283,000,000); the securities investment under Financial Assets at FVTOCI of approximately HKD10,154,000 (2022: approximately HKD66,197,000); and the securities investment under Financial Assets at FVTPL of approximately HKD15,594,000 (2022: approximately HKD63,995,000) to secure the other borrowings.

## **Foreign currency management**

The Group has minimal exposure to foreign currency risks as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of each group entity. As at 31 December 2023, the Group did not have any 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 2023, the Group had no significant litigations and contingencies (2022: Nil).

## **USE OF PROCEEDS FROM THE RIGHTS ISSUE**

### **Rights Issue 2022**

On 15 December 2021, the Company announced the proposed rights issue, by way of the issue of up to 82,044,138 Shares (the “**Rights Shares 2022**”), on the basis of three rights shares for every two consolidated shares held on 4 March 2022 at the subscription price of HKD0.9 per Rights Share 2022 (the “**Rights Issue 2022**”). Upon completion of the Rights Issue 2022 on 20 May 2022, a total of 61,399,399 Rights Shares 2022 were issued pursuant to the terms of the Rights Issue 2022. The net proceeds from the Rights Issue 2022 after deducting the expenses were approximately HKD52.5 million (the “**Net Proceeds 2022**”).

Upon review of the Group’s operational needs, business segments and their future prospects, the Company reallocated the Net Proceeds 2022 on 24 February 2023. Details of actual usage of the Net Proceeds 2022 are as follows:

	<b>Initial allocation of Net Proceeds 2022</b>	<b>Revised allocation of Net Proceeds 2022</b>	<b>Utilised Net Proceeds 2022 as at 31 December 2023</b>	<b>Unutilised Net Proceeds 2022 as at 31 December 2023</b>
	<i>HKD million</i>	<i>HKD million</i>	<i>HKD million</i>	<i>HKD million</i>
<b>Planned use</b>				
Provision of margin financing services by FW Securities	34.0	–	–	–
Repayment of loan and interest	10.6	10.6	10.6	–
General working capital	7.9	7.9	7.9	–
<b>Additional use</b>				
Acquisition of a securities brokerage firm	–	8.0	–	8.0
Expand investment portfolio	–	26.0	26.0	–
<b>Total</b>	<b>52.5</b>	<b>52.5</b>	<b>44.5</b>	<b>8.0</b>

For further details of the Rights Issue 2022, please refer to the Company’s announcements dated 15 December 2021, 14 January 2022, 31 January 2022, 21 February 2022, 7 March 2022, 17 March 2022, 18 March 2022, 4 May 2022, 19 May 2022 and 24 February 2023, circular of the Company dated 31 January 2022 and prospectus of the Company dated 12 April 2022.

### **Rights Issue 2023**

On 16 June 2023, the Company announced the proposed rights issue, by way of the issue of up to 116,095,491 share (the “**Rights Shares 2023**”), on the basis of one rights share for every one rights share at the subscription price of HKD0.6 per Right Share 2023 (the “**Rights Issue 2023**”). Upon completion of the Rights Issue 2023 on 3 October 2023, a total of 116,095,491 Rights Shares 2023 were issued pursuant to the terms of the Rights Issue 2023. The net proceeds from the Rights Issue 2023 after deducting the expenses were approximately HKD64.5 million (the “**Net Proceeds 2023**”).

Details of the actual usage of the Net Proceeds 2023 are as follows:

	<b>Allocation of the Net Proceeds 2023 HKD million</b>	<b>Utilised Net Proceeds 2023 as at 31 December 2023 HKD million</b>	<b>Unutilised Net Proceeds 2023 as at 31 December 2023 HKD million</b>
Repayment of bank borrowings of the Group which are repayable within one year	<u>64.5</u>	<u>5.4</u>	<u>59.1</u>

For further details of the Rights Issue 2023, please refer to the Company's announcements dated 16 June 2023, 13 July 2023, 3 August 2023, 10 August 2023, 29 August 2023 and 12 October 2023, circular of the Company dated 10 August 2023 and prospectus of the Company dated 18 September 2023.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2023, the Group had 14 employees situated in Hong Kong and China (2022: 43 employees). The Group's emoluments policies were formulated based on industry practices and performance of individual employees.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year (2022: Nil).

## **CAPITAL STRUCTURE**

The share capital of the Company only comprises of ordinary shares. As at 31 December 2023 and the date of this announcement, the Company had 232,190,982 Shares in issue.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

## EVENTS AFTER THE REPORTING PERIOD

### Acquisitions of Ronghuitong Junting Hotel and Ronghuitong Hotel

On 29 December 2023, Shenzhen Baiyi Industrial Investment Co., Ltd.\* (深圳柏億實業投資有限公司) (“**Shenzhen Baiyi**”), a wholly-owned subsidiary of the Company, entered into two sales and purchase agreements with respective vendors to acquire the entire interests in Shanxi Ronghuitong Junting Hotel Co., Ltd.\* (山西融匯通君亭酒店有限公司) (“**Ronghuitong Junting Hotel**”) and Shanxi Ronghuitong Hotel Management Co., Ltd.\* (山西融匯通酒店管理有限公司) (“**Ronghuitong Hotel**”), which were principally engaged in hotel management and operation in the PRC, at a total consideration of RMB17,900,001 (the “**Acquisitions**”). For details of the Acquisitions, please refer to the announcement of the Company dated 29 December 2023. The Acquisitions were completed in March 2024. As at the date of completion, Ronghuitong Junting Hotel and Ronghuitong Hotel were at pre-opening stage and are going to lease the hotel property in the PRC for its business and has secured contracts to work with the other hotel brand management companies to operate the 4 to 5 star hotels in the PRC. The Group expects to commence the hotel operations in the second half of 2024.

### Acquisitions of MLH Property and Zhi Ying Property

On 18 March 2024, Shenzhen Baiyi, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “**First Sales and Purchase Agreement**”) with a vendor to acquire and take assignment of (i) the entire equity interest in Shanxi Mei Lian Hang Property Management Co., Ltd.\* (山西美聯行物業管理有限公司) (“**MLH Property**”) and (ii) the non-interest bearing and unsecured shareholder’s loan provided by the vendor to MLH Property in the carrying amount of RMB32,000,000, at a total consideration of RMB35,400,000 (the “**MLH Property Acquisition**”). On the same date, MLH Property, a wholly-owned subsidiary of the Company upon the completion of the First Sales and Purchase Agreement, entered into a sale and purchase agreement with another vendor to acquire 10% equity interest in Shanghai Zhi Ying Property Management Co., Ltd.\* (上海知盈物業管理有限公司) (“**Zhi Ying Property**”) at a consideration of RMB3,900,000 (the “**Zhi Ying Property Acquisition**”, together with MLH Property Acquisition, the “**Property Acquisitions**”). MLH Property and Zhi Ying Property were principally engaged in real estate and property management in the PRC. For details of the Property Acquisitions, please refer to the announcement of the Company dated 18 March 2024. The Property Acquisitions represent an investment opportunity to expand the Group’s service offerings to property management and diversified the Group’s property investment portfolio in the PRC. In addition, the Group may reap the benefits from the stable rental and property management income as well as the long-term potential appreciation of the properties held by MLH Property and Zhi Ying Property. The Property Acquisitions are expected to be completed in the second quarter of 2024.

\* For identification purposes only

## **Assignment of Receivables**

On 22 March 2024, the Company and Mr. Lai Long Wai (“**Mr. Lai**”), an executive Director and a substantial shareholder of the Company, entered into a deed of assignment, pursuant to which the Company has conditionally agreed to assign, and Mr. Lai has conditionally agreed to accept the assignment of certain receivables and share charges at a consideration of HK\$65,745,700 (the “**Assignment of Receivables**”). The completion of the Assignment of Receivables is subject to the approval of the Company’s independent shareholders in the upcoming extraordinary general meeting of the Company. For details of the Assignment of Receivables, please refer to the announcement of the Company dated 22 March 2024. The Assignment of Receivables provides a one-off solution to the Group to recover the outstanding amounts within a foreseeable timeframe, thereby minimising the uncertainty and the credit risks associated with the receivables.

## **SCOPE OF WORK OF MOORE 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 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, Moore CPA Limited, (formerly known as 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 Company for the year ended 31 December 2023.

## **CORPORATE GOVERNANCE**

The Company’s corporate governance practices are based on the principles of good corporate governance set out in the Corporate Governance Code in the Appendix C1 to the Listing Rules (the “**CG Code**”). The Company has complied with all code provisions during the year ended 31 December 2023 as set out in the CG Code except for the following deviations:

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same individual. The roles of the chairman and the chief executive officer of the Company are not separate and both are performed by Mr. Liang Jian during the year. The Board considers that this structure will not impair the balance of the power and authority between the Board and the management of the Company. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently. The Board understands the importance of complying with the code provision C.2.1 of the CG Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate person will be nominated to take up the different roles of chairman and chief executive officer.

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

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiries with the existing directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2023.

## **PUBLICATION OF INFORMATION ON WEBSITES**

This results announcement is available for viewing on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.fw-holdings.com](http://www.fw-holdings.com). The annual report of the Company for year ended 31 December 2023 containing the information required by Appendix D2 to 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, 27 March 2024

*As at the date of this announcement, the Board comprises (i) six executive Directors, namely Mr. Liang Jian, Mr. Yu Zhenzhong, Ms. Wang Qian, Mr. Yu Qingrui, Mr. Su Wei and Mr. Lai Long Wai; and (ii) three independent non-executive Directors, namely Mr. He Yi, Mr. Guo Yaoli and Mr. Bong Chin Chung.*