



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)

# Interim Report 2020



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Liang Jian (*Chairman and Chief Executive Officer*)<sup>1</sup>  
Mr. Yu Zhenzhong  
Mr. Cai Linzhan  
Mr. Lau Fai Lawrence  
Mr. Siu Yun Fat  
Mr. Wang Fei<sup>2</sup>  
Mr. Yu Qingrui

### Independent Non-Executive Directors

Mr. Chen Pei  
Mr. Siu Siu Ling, Robert  
Mr. Tam Tak Wah  
Mr. Wang Ning  
Mr. Zheng Zongjia

<sup>1.</sup> Appointed as Chairman on 1 July 2020

<sup>2.</sup> Resigned as Chairman on 1 July 2020

## AUDIT COMMITTEE

Mr. Tam Tak Wah (*Chairman*)  
Mr. Siu Siu Ling, Robert  
Mr. Zheng Zongjia

## REMUNERATION COMMITTEE

Mr. Siu Siu Ling, Robert (*Chairman*)  
Mr. Tam Tak Wah  
Mr. Zheng Zongjia

## NOMINATION COMMITTEE

Mr. Tam Tak Wah (*Chairman*)  
Mr. Siu Siu Ling, Robert  
Mr. Zheng Zongjia

## COMPANY SECRETARY

Mr. Lau Cheuk Pun

## COMPANY WEBSITE

[www.fw-holdings.com](http://www.fw-holdings.com)

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 3711, 37/F  
West Tower, Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## AUDITOR

Moore Stephens CPA Limited  
801-806 Silvercord, Tower 1  
30 Canton Road, Tsimshatsui  
Kowloon, Hong Kong

## SHARE REGISTRAR

### Hong Kong

Computershare Hong Kong Investor Services Limited  
Shop 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

### Cayman Islands

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## PRINCIPAL BANKERS

Public Bank (Hong Kong) Limited  
Shanghai Commercial Bank Limited  
Chong Hing Bank Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

# Management Discussion and Analysis

## FINANCIAL RESULTS

The Board of Directors (the “**Board**” or “**Directors**”) of Future World Holdings Limited (the “**Company**”) hereby present the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2020 (the “**Period**”).

## CHANGE OF COMPANY NAME AND STOCK SHORT NAME

The name of the Company has been changed from “Future World Financial Holdings Limited 未來世界金融控股有限公司” to “Future World Holdings Limited 未來世界控股有限公司” following the passing of a special resolution at the annual general meeting of the Company held on 30 June 2020. The Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands on 3 July 2020 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registry in Hong Kong on 23 July 2020.

In connection with the change of company name, the shares of the Company have been traded on Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) under the new stock name of “FW HOLDINGS” in English and “未來世界控股” in Chinese, in place of “FUTURE WORLD FH” in English and “未來世界金融” in Chinese, respectively, with effect from 11 August 2020. The stock code of the Company remains as “572”.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS

The Group’s revenue for the Period has increased to HKD91,408,000, which is 372% higher compared with the revenue of approximately HKD19,385,000 during the previous Period. The increase of revenue was mainly attributed to the segment of high technology business. Details of high technology business are set out in “High Technology Business” section on page 4. The Group recorded a net loss of approximately HKD43,187,000 attributable to shareholders of the Company for the Period (2019: net profit of HKD15,606,000) and basic loss per share of HK0.34 cent (2019: basic earnings per share of HK0.13 cent) for the Period. The loss is mainly attributable to (i) the Group recognised share-based payment expenses of approximately HKD17,498,000 (2019: HKD4,968,000); (ii) net realised loss and net unrealised loss of investments at fair value through profit or loss of approximately HKD11,425,000 (2019: Nil) and HKD1,817,000 (2019: net unrealised gain of HKD15,662,000) respectively; (iii) provision for credit loss allowances on loan and interest receivables of approximately HKD5,410,000 (2019: HKD2,210,000); and (iv) revaluation loss of approximately HKD3,102,000 arising from change in fair value of investment properties (2019: revaluation gain of approximately HKD12,000,000).

### BUSINESS REVIEW

Since January 2020, the outbreak of the novel coronavirus (COVID-19) pandemic had severely impacted the global business environment. Nevertheless, up to the date of this report, COVID-19 pandemic has not caused material financial difficulties to the Group. It mainly affected the development on electric motorcycle business in Indonesia and led to the electric motorcycle business postponed. The Group will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts on the financial position and operating results of the Group.

# Management Discussion and Analysis

## High Technology Business

Innovation and technology is an important growth engine for future economic development. Technology is leading the world into a new era, bringing with it a dramatic shift in the global economy. Leveraging on the expertise and experience of the directors and key management personnel, the Group has achieved good progress in developing in high technology business including but not limited to technology industry, intelligent robotics and related services and artificial intelligence products and application solutions. During the Period, the revenue of approximately HKD72,317,000 was generated (2019: Nil) and a profit of approximately HKD7,382,000 (2019: Nil) was recorded for the segment of high technology business.

During the Period, approximately 60.16% and 30.08% of the revenue in high technology business were contributed by intelligent industrial welding robots and equipment business and artificial intelligence products and application solutions business respectively. The Group established a top welding tooling expert team for research and development, and be committed to the development, design, production and sales of a full range of non-standard customized positioner, all kinds of special welding and cutting tooling devices, and all kinds of unmanned and intelligent non-standard production lines. Our products will be applied to pressure vessels, low-temperature equipment, special vehicles, rail transit, offshore wind power, engineering machinery and other industries. In term of artificial intelligence products and application solutions business, the main product is intelligent storage equipment.

The Group has built up a technical team with strong technical and education background and years of experience in robotic related business, and their experiences and expertise cover mechanical and robotic engineering, mechanical designs and electrical designs. The Board considers that the development in high technology business will contribute positively to the revenue and profit of the Group and will be beneficial to the development of the Group, thereby creating values to the Company and its shareholders.

## Properties investment

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

During the Period, the Group recorded rental income of HKD5,530,000 (2019: HKD1,000,000) and fair value loss of HKD3,102,000 (2019: fair value gain of HKD12,000,000) arising from change in fair value of investment properties from the property investment segment.

## Treasury business

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

# Management Discussion and Analysis

## Securities trading and investment business

The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. The securities investments were classified under financial assets at fair value through other comprehensive income (“**FVTOCI**”) and financial assets at fair value through profit or loss (“**FVTPL**”) in the consolidated financial statements. During the Period, the Group’s securities trading portfolio comprised of equity securities of CMBC Capital Holdings Limited (“**CMBC Capital**”, stock code: 1141) and Central Wealth Group Holdings Limited, (“**Central Wealth**”, stock code: 139) both companies are listed on the Main Board of the Stock Exchange.

In light of the uncertainty in the future global economy with the recent COVID-19 outbreak, together having considered the funding needs of the Group, the Company disposed part of the securities investment in order to realise its investments and to allow the Group to reallocate its resources to area with better potential. As a whole, the securities trading and investment segment recorded a loss of approximately HKD21,764,000 during the Period (2019: gain of approximately HKD3,223,000). The loss was mainly due to financial costs of approximately HKD7,616,000 during the Period (2019: HKD10,947,000) and net realised loss from securities trading and investment of approximately HKD11,425,000 during the Period (2019: Nil). Besides, the Group recorded an unrealised loss of securities investments under FVTPL of approximately HKD1,817,000 during the Period (2019: net unrealised gain of HKD15,662,000). For the securities under FVTOCI, the Group recorded a net unrealised gain of approximately HKD10,068,000 during the Period (2019: net unrealised loss of HKD239,771,000) through other comprehensive income.

As at 30 June 2020, details of the securities investments held are as follows:

Name of the investees	Number of shares held	Percentage of equity interests as at 30.06.2020	Closing value as at 30.06.2020 <i>HKD</i>	Market value of the interests as at 30.06.2020 <i>HKD'000</i>	Fair value gain/(loss) for the Period <i>HKD</i>	Release of fair value reserve/Realised loss for the Period <i>HKD</i>
<b>FVTOCI</b>						
CMBC Capital (Stock code: 1141)	1,517,430,000	3.184%	0.164	248,859	27,795,000	(72,387,000)
Central Wealth (Stock code: 139)	553,954,650	3.469%	0.019	10,525	(17,727,000)	-
Total				259,384	10,068,000	(72,387,000)
<b>FVTPL</b>						
Central Wealth	56,766,666	0.355%	0.019	1,079	(1,817,000)	(11,425,000)
Total				1,079	(1,817,000)	(11,425,000)
Grand-Total				260,463	8,251,000	83,812,000

As at 30 June 2020, the Group held securities investment portfolio with market value of approximately HKD260,463,000 (31 December 2019: HKD296,977,000). Except for the investments in CMBC Capital and Central Wealth, at 30 June 2020, there were no investments held by the Group which value was more than 5% of the net assets of the Group.

# Management Discussion and Analysis

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

### *CMBC*

CMBC Capital and its subsidiaries (the “**CMBC Capital Group**”) was principally engaged in the business of brokerage and related services, securities investment and provision of finance. China Minsheng Banking Corporation Limited, one of the largest private banks in the PRC has indirect interest in over 60% of the issued shares capital of CMBC Capital as at 30 June 2020.

As mentioned in its interim result announcement for the six months ended 30 June 2020, the CMBC Capital Group has recorded net profit amounted to approximately HKD165 million, representing an increase of approximately 10.1% when compared to the six months ended 30 June 2019 of HKD150 million. The CMBC Capital Group’s basic and diluted earnings per share were both HK0.35 cents (2019: both HK0.32 cents). Revenue has increased by approximately 12.3% to approximately HKD502 million for the six months ended 30 June 2020, compared to approximately HKD447 million for the six months ended 30 June 2019.

CMBC Capital closed at HKD0.164 as at 30 June 2020 (30 June 2019: HKD0.199).

### *Central Wealth*

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

As mentioned in Central Wealth’s annual report for the year ended 31 December 2019, the net profit after tax for the year was approximately HKD208.4 million as compared to the net loss after tax of approximately HKD67.1 million for the year ended 31 December 2018. Basic earnings per share attributable to ordinary equity holders of the parent for the year was approximately HK1.42 cents (2018: basic loss per share of approximately HK0.48 cent). The Central Wealth group recorded a revenue of approximately HKD947.7 million for the year ended 31 December 2019, compared to a revenue of approximately HKD174.5 million for the year ended 31 December 2018.

Central Wealth closed at HKD0.019 as at 30 June 2020 (30 June 2019: HKD0.072).

## ***Money lending business***

A wholly-owned subsidiary of the Group, Globally Finance Limited (“**Globally Finance**”), which held the Money Lenders Licence in Hong Kong since early of 2015, carried a licensed money lending business in Hong Kong. During the Period, Globally Finance generated revenue of approximately HKD11,204,000 (2019: HKD16,672,000) and recorded a profit of approximately HKD4,598,000 (2019: HKD14,567,000). During the Period, the Group assessed and estimated credit loss allowance for loan and interest receivables according to Hong Kong Financial Reporting Standard 9. Based on the result of credit assessment on debtors, the Group provided approximately HKD25,687,000 credit loss allowance as at 30 June 2020 (31 December 2019: HKD20,277,000), and HKD5,410,000 was charged to consolidated profit or loss for the Period (2019: HKD2,210,000).



# Management Discussion and Analysis

## Investment in film industry

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

Date of agreement	Film project	Investment/ Advancement amount	Annual interest rate	Investment return	Carrying amount of investment	
					as at 30.6.2020 (as at 31.12.2019)	Category
11.10.2017	Two Days 《兩天》	USD487,500	12%	Nil	5,013,000 (4,787,000)	Loan and interest receivables
12.06.2018	Papillon 《巴比龍》	USD675,000	8%	Nil	– (5,919,000)	Loan and interest receivables

During the Period, China Wisdom recorded interest income from the segment of investment in film industry of approximately HKD246,000 (2019: HKD844,000). The Board considers that the entering into of the above agreements will allow the Group to have stable return without significant risk exposures.

## Trading business and related services

Trading business and related services include intelligent robots trading business and face mask business.

Facing the outbreak of the novel coronavirus (COVID-19) pandemic, the Group has ordered mask production lines and commenced mask production in April 2020. The Group has also engaged an independent third party for mask production on an OEM basis. However, with the alleviation of the COVID-19 outbreak since late April 2020 with the free distribution of protective masks (CuMask) by the Hong Kong government, having taken into consideration of the reduction in demand and needs, the Group has ceased its own local mask production and disposed the relevant subsidiary in May 2020 in order to control costs and expenses but retained its OEM mask production in order to keep flexibility. The disposal was completed on 14 May 2020 and the Group recorded a gain on disposal of approximately HKD755,000. During the Period, the mask products of the Group have been distributed and sold through a number of drugstores and one of the leading cosmetics retail chains in Hong Kong. Revenue of approximately HKD1,549,000 was generated (2019: Nil) and a profit before tax of approximately HKD477,000 (2019: Nil) was recorded from OEM mask production during the Period.

With a view to developing and expanding the Group’s intelligent robotics business from last year, the Group has entered into several trading agreements in relation to the sales of robots and related products during the Period.

During the Period, revenue of approximately HKD2,111,000 was generated (2019: HKD869,000) and a loss of approximately HKD597,000 (2019: HKD3,486,000) was recorded as a whole for the segment of trading business and related services. The Group will seek for business opportunity in the trading business.

## Licensing of e-commerce platform

During the Period, no revenue (2019: Nil) was generated for the segment of licensing of e-commerce platform business. The Group will continue to look for any potential opportunity in the licensing of e-commerce platform business.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Liquidity, financial, resources and funding

During the Period, the Group mainly financed its operations by cash generated from operation and bank borrowings. The Group had total cash and bank balances of approximately HKD13,962,000 as at 30 June 2020 (31 December 2019: HKD12,396,000). As at 30 June 2020, the Group had total borrowings of approximately HKD456,840,000 (31 December 2019: HKD485,430,000) comprised with bank borrowings of approximately HKD308,531,000 (31 December 2019: HKD312,369,000) and other borrowings of approximately HKD148,309,000 (31 December 2019: HKD173,061,000).

Among bank borrowings, approximately HKD87,974,000 are repayable within one year, HKD9,327,000 are repayable over one year but not exceeding two years, HKD29,590,000 are repayable over two years but not exceeding five years and HKD181,640,000 are repayable over five years. The bank borrowings bear interest rate at range of HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 0.5% p.a. over cost of fund. Details are set out in Note 17 to the condensed consolidation interim financial statements.

The other borrowings comprised of margin loans and revolving loan. The margin loan payables bear fixed interest at 9% to 9.5% per annum. The margin loan payables are repayable within one year and was guaranteed by the Company. The revolving loan bear fixed interest rate of HKD Prime Rate – 2% per annum. Details are set out in Note 18 to the condensed consolidated interim financial statements.

The gearing ratio, which is calculated as total borrowings divided by total equity, was approximately 49.48% as at 30 June 2020 (31 December 2019: 51.96%). Net assets were approximately HKD923,210,000 as at 30 June 2020 (31 December 2019: HKD934,195,000).

As at 30 June 2020, the Group has total current assets of approximately HKD382,285,000 (31 December 2019: HKD355,242,000) and total current liabilities of approximately HKD522,894,000 (31 December 2019: HKD500,770,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was approximately 0.73 as at 30 June 2020 (31 December 2019: 0.71).

The Group's finance costs for the Period was approximately HKD11,025,000 (2019: HKD14,191,000) and was mainly related to interests paid on the bank borrowings and margin loans.

### Pledge of assets

At 30 June 2020, the Group's investment properties with carrying amount of HKD662,000,000 (31 December 2019: HKD664,000,000) have been pledged to secure the bank borrowings granted to the Group.

As at 30 June 2020, the Group had pledged an investment property with carrying amount of HKD283,000,000 (31 December 2019: HKD285,000,000), the securities investment under FVTOCI of approximately HKD259,384,000 (31 December 2019: HKD270,627,000) and the securities investment under FVTPL of approximately HKD1,079,000 (31 December 2019: HKD26,350,000) to secure the other borrowings.

# Management Discussion and Analysis

## CAPITAL STRUCTURE

### Placing of new shares under general mandate

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

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

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

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

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

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

### Exercise of share option

On 8 April 2020, 124,000,000 share options were exercised and 124,000,000 new ordinary shares of HKD0.001 each were issued during the Period. Upon the exercise of that 124,000,000 share options, the net proceeds of approximately HKD3,472,000 were raised for the general working capital of the Group.

As at 30 June 2020, the share capital of the Company comprises of 12,604,291,446 issued shares with par value of HKD0.001 as enlarged by exercise of share option.

# Management Discussion and Analysis

## Foreign currency management

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

## Litigations and contingencies

At 30 June 2020, the Group did not have any significant litigations and contingencies.

## MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

Details of material acquisition or disposal of subsidiaries are set out in Notes 21 and 22 to the condensed consolidated interim financial statements.

## EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2020, the Group had 70 employees including Directors situated in Hong Kong and the PRC (31 December 2019: 35 employees situated in Hong Kong and the PRC). The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the Period, the total staff costs including remuneration of Directors and chief executives amounted to approximately HKD18,502,000 (2019: HKD5,892,000).

## INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Period (2019: Nil).

## PROSPECTS

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

In 2019, the Board has initiated a revamp by appointing new Directors and new Chief Executive Officer of the Group. Leveraging on the expertise and experience of the new Directors and key management personnel, the Group has successfully embarked on new strategic initiatives and developed the business in relation to high technology and related services business. During the Period, the revenue from high technology business accounted for 79.11% of the Group's total revenue and recorded a profit of approximately HKD7,382,000. It can be seen that high technology business has made a very important contribution to the Group and the high technology business has successfully driven the Group's business into new areas. The high technology business mainly revolves around industrial robot system, intelligence hardware for service robots, new energy transportation and entertainment technology.

Technology is leading the world into a new era and changing the global economy. Industrial robots have also improved production efficiency and accuracy. Robotics will completely change manufacturing, construction and infrastructure processes, and bring a industrial new revolution. As the multilateral relations between China and other countries are becoming increasingly tense, cooperation between countries, especially cooperation in science and technology, is encountering unprecedented challenges. However, this is an excellent opportunity for China to vigorously and independently develop technological innovation. In the context of the huge demand in the Mainland China market and the rapid application of new technologies, the Group will devote more resources to bolstering its high technology business through development and acquisition of quality international and domestic projects.

# Management Discussion and Analysis

After the Company entered into a global strategic co-operation agreement with HIT Robot Group Co., Ltd. (哈工大機器人集團股份有限公司) (“**HIT Robot Group**”) in 2019, pursuant to which each of the Company and HIT Robot Group will become global strategic co-operation partner and will co-operate with each other on their respective business areas including but not limited to intelligent robotics, artificial intelligence, 3C intelligence technology products and commodities trading, HIT Robot Group has become a substantial shareholder of the Company holdings approximately 20% issued share capital indirectly of the Company upon completion of the Right Issue in August 2020. The Group believes that the cooperation with HIT Robot Group and supported by HIT Robot Group’s numerous industrial incubation bases in the Mainland China can speed up the development of the project.

HIT Robot Group was established in December 2014. Under “Made in China 2025”, encouraging innovation and shifting the economy to high-quality development, HIT Robot Group was engaged in robotics and related emerging industries, and relies on the construction, operation and model promotion of the HIT Robot Group’s “Science, Innovation, Production and Education” community to build a new technological innovation center. As a platform economy operator and a double-creation ecological service provider, HIT Robot Group takes “innovation + entrepreneurship + industry + education + capital” as its business structure, collaborative development of “real economy, technological innovation, modern finance, and human resources” as its business content, integration of “innovation chain, industrial chain, and capital chain” as its business process, system operation of “technological innovation, achievement transformation, industrial training” as its business goal. HIT Robot Group comprehensively serves the transformation of high-tech achievements and high-end talent entrepreneurship, serves the regional innovation systems construction and local industries transformation and upgrading, and serves the high-quality development and sustainable development of the economy.

In the future, the Group will develop different innovative technology products and applications, pursue huge market opportunities and to diversify its high technology business portfolio with a view to broaden its income stream which shall be in the best interests of the Company and its shareholders as a whole.

In 2015, the Group invested in securities brokerage business in Hong Kong through investment in associates. The Group disposed the associates to Central Wealth listed on the Stock Exchange subsequently in 2017.

The Directors are optimistic to the securities market development in Hong Kong and have resolved to continue its securities brokerage business. The Group obtained the licenses from the Securities and Futures Commission to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities through a wholly owned subsidiary Oriental Power Securities Investment Limited (“**Oriental Power**”). Oriental Power aims at providing broader and more diversified services to customers. Oriental Power targets to provide securities dealing and advising securities services to its customers. Oriental Power will provide broker-dealer services covering the stocks and investment-linked instruments listed in the Stock Exchange. Oriental Power will act as an underwriter or a sub-underwriter or a placing agent or a sub-placing agent for companies listed or to be listed on the Stock Exchange or shareholders of companies listed or to be listed on the Stock Exchange for their fund raising exercises such as IPOs, rights issues, open offers or placing of new and/or existing shares and debt securities. Oriental Power will charge placing or underwriting commission at a rate determined by negotiation with clients which is generally in line with market practice.

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

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HKD'000 (Unaudited)	2019 HKD'000 (Unaudited)
<b>Net realised loss from securities trading and investments</b>	4	(11,425)	–
<b>Revenue</b>	4	91,408	19,385
Cost of sales		(61,485)	(779)
<b>Gross profit</b>		29,923	18,606
Other income		574	6
Administrative expenses		(18,388)	(10,945)
Gain on disposal of subsidiaries, net	22	973	–
Provision for credit loss allowances on loan and interest receivables, net		(5,410)	(2,210)
Provision for credit loss allowances on trade and other receivables, net		(480)	–
(Provision for)/Reversal of provision for expected credit loss on loan commitment		(828)	2,456
Change in fair values of financial assets at fair value through profit or loss	14	(1,817)	15,662
Change in fair value of investment properties	11	(3,102)	12,000
Share-based payment expense	20	(17,498)	(4,968)
Share of loss of an associate		(360)	–
<b>Operating (loss)/profit</b>		(27,838)	30,607
Finance costs	6	(11,025)	(14,191)
<b>(Loss)/Profit before income tax</b>	7	(38,863)	16,416
Income tax expenses	8	(1,379)	(810)
<b>(Loss)/Profit for the period</b>		(40,242)	15,606
<b>Other comprehensive income/(loss):</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		(2,739)	69
Item that will not be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		10,068	(239,771)
Loss on disposal of financial assets at fair value through other comprehensive income		–	(4,424)
<b>Other comprehensive income/(loss) for the period, net of income tax</b>		7,329	(244,126)
<b>Total comprehensive loss for the period</b>		(32,913)	(228,520)

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

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 HKD'000 (Unaudited)	2019 HKD'000 (Unaudited)
<b>(Loss)/Profit for the period attributable to:</b>			
– Owners of the Company		(43,187)	15,606
– Non-controlling interests		2,945	–
		(40,242)	15,606
<b>Total comprehensive loss attributable to:</b>			
– Owners of the Company		(35,837)	(228,520)
– Non-controlling interests		2,924	–
		(32,913)	(228,520)
<b>(Loss)/Earnings per share attributable to owners of the Company</b>			
– Basic	10	HK(0.34) cent	HK0.13 cent
– Diluted		HK(0.34) cent	HK0.13 cent

# Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	30 June 2020 HKD'000 (Unaudited)	31 December 2019 HKD'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	2,200	2,321
Right-of-use assets	11	6,452	6,095
Investment properties	11	792,442	798,085
Interest in an associate	12	57	423
Financial assets at fair value through other comprehensive income	13	259,384	270,627
Deferred tax assets		5,060	3,936
		<b>1,065,595</b>	1,081,487
<b>Current assets</b>			
Inventories		29,434	2,404
Financial assets at fair value through profit or loss	14	1,079	26,350
Trade and other receivables	15	37,394	10,098
Loan and interest receivables	15	300,416	302,616
Pledged bank balance and cash and bank balances		13,962	12,396
Income tax recoverable		–	1,378
		<b>382,285</b>	355,242
<b>Current liabilities</b>			
Trade payables		22,037	–
Accruals and other payables	16	24,062	8,275
Contract liabilities	16	14,028	3,014
Lease liabilities		4,457	4,051
Bank borrowings	17	308,531	312,369
Other borrowings	18	148,309	173,061
Income tax payables		1,470	–
		<b>522,894</b>	500,770
<b>Net current liabilities</b>		<b>(140,609)</b>	(145,528)
<b>Non-current liabilities</b>			
Lease liabilities		1,776	1,764
<b>Net assets</b>		<b>923,210</b>	934,195
<b>Capital and reserves</b>			
Share capital	19	12,604	12,480
Reserves		906,730	921,721
Equity attributable to owners of the Company		<b>919,334</b>	934,201
Non-controlling interests		3,876	(6)
<b>Total equity</b>		<b>923,210</b>	934,195

On behalf of the board of directors

**Liang Jian**  
Director

**Yu Zhenzhong**  
Director



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company								
	Share capital HKD'000	Share premium HKD'000 <i>(Note a)</i>	Share options reserve HKD'000	Translation reserve HKD'000	Fair value reserve (non-recycling) HKD'000	Retained earnings HKD'000	Total HKD'000	Non-controlling interest HKD'000	Total HKD'000
At 1 January 2019	11,580	1,423,404	23,559	(1)	(470,144)	296,994	1,285,392	(6)	1,285,386
Profit for the period	-	-	-	-	-	15,606	15,606	-	15,606
Other comprehensive income/(loss) for the period, net of income tax	-	-	-	69	(239,771)	(4,424)	(244,126)	-	(244,126)
Total comprehensive income/(loss) for the period	-	-	-	69	(239,771)	11,182	(228,520)	-	(228,520)
Recognition of equity-settled share-based payments	-	-	4,968	-	-	-	4,968	-	4,968
Issuance of shares upon subscription, net of transaction costs	900	56,617	-	-	-	-	57,517	-	57,517
At 30 June 2019 (Unaudited)	12,480	1,480,021	28,527	68	(709,915)	308,176	1,119,357	(6)	1,119,351

	Attributable to owners of the Company								
	Share capital HKD'000	Share premium HKD'000 <i>(Note a)</i>	Share options reserve HKD'000	Translation reserve HKD'000	Fair value reserve (non-recycling) HKD'000	Retained earnings HKD'000	Total HKD'000	Non-controlling interest HKD'000	Total HKD'000
At 1 January 2020	12,480	1,480,021	17,893	220	(697,544)	121,131	934,201	(6)	934,195
(Loss)/Profit for the period	-	-	-	-	-	(43,187)	(43,187)	2,945	(40,242)
Other comprehensive income/(loss), net of income tax	-	-	-	-	-	-	-	-	-
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	(2,718)	-	-	(2,718)	(21)	(2,739)
Change in fair value of financial asset at fair value thought other comprehensive income	-	-	-	-	10,068	-	10,068	-	10,068
Other comprehensive (loss)/income for the period, net of income tax	-	-	-	(2,718)	10,068	-	7,350	(21)	7,329
Total comprehensive (loss)/income for the period	-	-	-	(2,718)	10,068	(43,187)	(35,837)	2,924	(32,913)
Release of fair value reserve upon disposal of financial asset at fair value through other comprehensive loss	-	-	-	-	72,387	(72,387)	-	-	-
Recognition of equity-settled share-based payments	-	-	17,498	-	-	-	17,498	-	17,498
Exercise of share options	124	4,328	(980)	-	-	-	3,472	-	3,472
Additions through acquisition of subsidiaries <i>(Note 21)</i>	-	-	-	-	-	-	-	113	113
Capital injection from non-controlling interests	-	-	-	-	-	-	-	186	186
Disposal of subsidiaries <i>(Note 22)</i>	-	-	-	-	-	-	-	659	659
At 30 June 2020 (Unaudited)	12,604	1,484,349	34,411	(2,498)	(615,089)	5,557	919,334	3,876	923,210

Note:

- a) Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Associations and provided that immediately following the distribution or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

# Condensed Consolidated Statement of Cash Flows

For the period ended 30 June 2020

	<b>Six months ended 30 June</b>	
	<b>2020</b> <b>HKD'000</b> <b>(Unaudited)</b>	<b>2019</b> <b>HKD'000</b> <b>(Unaudited)</b>
<b>Net cash used in operating activities</b>	<b>9,761</b>	<b>(8,260)</b>
<b>Cash flows from investing activities</b>		
Interest received	5	6
Purchase of property, plant and equipment	(11,005)	(835)
Proceed from disposal of financial asset at fair value through profit and loss	12,029	–
Proceed from disposal of financial asset at fair value through other comprehensive income	21,311	9,883
Net cash inflows arising on disposal of subsidiaries	4,203	–
Net cash inflows arising on acquisition of subsidiaries	4,934	–
<b>Net cash generated from investing activities</b>	<b>31,477</b>	<b>9,054</b>
<b>Cash flows from financing activities</b>		
Interest paid	(10,876)	(13,201)
Capital injection from non-controlling interest	186	–
Repayment of bank borrowings	(3,838)	(4,261)
Repayment of other borrowings	(33,245)	(5,208)
Proceeds from other borrowings	8,493	–
Repayment of lease liabilities – principal	(2,122)	(354)
Repayment of lease liabilities – interest	(149)	(5)
Proceeds from exercise of share options, net of transaction costs	3,472	–
Proceeds from issuance of shares upon subscription, net of transaction costs	–	57,517
<b>Net cash (used in)/generated from financing activities</b>	<b>(38,079)</b>	<b>34,488</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,159</b>	<b>35,282</b>
<b>Cash and cash equivalents at 1 January</b>	<b>10,986</b>	<b>6,194</b>
Effect of foreign exchange rate changes	(183)	(9)
<b>Cash and cash equivalents at 30 June, represented by cash and bank balances</b>	<b>13,962</b>	<b>41,467</b>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 1. GENERAL

Future World Holdings Limited (the “**Company**”, formerly known as Future World Financial Holdings Limited), was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 3711, 37/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The 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) investment in film industry; and (vii) licensing of e-commerce platform.

The condensed consolidated interim financial statements are presented in Hong Kong dollars (“**HKD**”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated. The condensed consolidated interim financial statements were approved for issue by the board of directors on 28 August 2020.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2020 (“**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2019.

### Going concern

The Group incurred a net loss of approximately HKD40,242,000 for the period ended 30 June 2020, and as of that date, the Company had net current liabilities of approximately HKD140,609,000. These conditions indicate that a material uncertainty exists which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

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

The current liabilities of the Group include bank borrowings of approximately HKD220,557,000, which have been classified as current liabilities as the related loan agreements contain a repayment on demand clause. According to the loan agreements, the loans are repayable by monthly instalments in 17 – 23 years time. The Group regularly monitors its compliance with covenants and scheduled repayments of such bank borrowings and the directors of the Company do not consider that the banks will exercise their discretion to demand repayment so long as the Group continues to meet these requirements.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## **2. BASIS OF PREPARATION *(Continued)***

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

Should the Group be unable to continue as going concern, adjustments would have to be made to the Interim Financial Statements to write down the carrying amounts of assets to their recoverable amounts, to reclassify non-current assets/liabilities as current assets/liabilities respectively and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the Interim Financial Statements.

## **3. PRINCIPAL ACCOUNTING POLICIES**

The Interim Financial Statements have been prepared on the historical cost basis, except for the investment properties and certain financial assets, which are subsequently measured at fair value.

The Interim Financial Statements have been prepared based on the same accounting policies adopted in the 2019 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2020. In the opinion of the directors of the Company, the application of the new and revised HKFRSs in the current period has no material effect on the amounts reported and/or disclosures set out in the Interim Financial Statements.

The Group has not applied any new HKFRSs or amendments that is not yet effective for the current accounting period.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 4. REVENUE

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HKD'000</b>	HKD'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>		
Revenue from contracts with customers within the scope of HKFRS 15 recognised at a point in time		
Income from high technology business	<b>72,317</b>	–
Income from trading business and related services	<b>2,111</b>	869
	<b>74,428</b>	869
<b>Revenue from other sources</b>		
Rental income from property investment	<b>5,530</b>	1,000
Interest income from provision of financing services	<b>11,204</b>	16,672
Interest income from investment in film industry	<b>246</b>	844
	<b>16,980</b>	18,516
	<b>91,408</b>	19,385
Net realised loss from securities trading and investments	<b>(11,425)</b>	–

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 5. SEGMENT INFORMATION

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

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

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

### Segment revenues and results

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

	High technology business		Property investment		Provision of financing services		Securities trading and investment		Trading business and related services		Investment in film industry		Licensing of e-commerce platform		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue																
- External sales	72,317	-	5,530	1,000	11,204	16,672	(11,425)	-	2,111	869	246	844	-	-	79,983	19,385
Segment result	7,382	-	(1,325)	9,342	4,598	14,567	(21,764)	3,223	(597)	(3,486)	242	1,522	-	(141)	(11,464)	25,027
Unallocated corporate income															389	6
Unallocated corporate expenses															(9,815)	(3,649)
Unallocated finance cost															(115)	-
Share of loss of an associate															(360)	-
Share-based payment expenses															(17,498)	(4,968)
(Loss)/Profit before income tax															(38,863)	16,416

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 and share-based payment expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 5. SEGMENT INFORMATION *(Continued)*

### Segment assets and liabilities

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

	<b>30 June 2020 HKD'000 (Unaudited)</b>	31 December 2019 HKD'000 (Audited)
<b>Segment assets</b>		
High technology business	<b>66,738</b>	–
Property investment	<b>794,137</b>	799,501
Provision of financing services	<b>300,387</b>	299,081
Securities trading and investment	<b>262,188</b>	298,206
Trading business and related services	<b>7,430</b>	17,511
Investment in film industry	<b>5,014</b>	10,725
Licensing of e-commerce platform	–	970
<b>Total segment assets</b>	<b>1,435,894</b>	1,425,994
Unallocated corporate assets	<b>11,986</b>	10,735
<b>Consolidated assets</b>	<b>1,447,880</b>	1,436,729
<b>Segment liabilities</b>		
High technology business	<b>53,691</b>	–
Property investment	<b>232,063</b>	235,002
Provision of financing services	<b>3,135</b>	3,572
Securities trading and investment	<b>228,509</b>	253,211
Trading business and related services	<b>1,762</b>	3,477
Investment in film industry	–	241
Licensing of e-commerce platform	–	136
<b>Total segment liabilities</b>	<b>519,160</b>	495,639
Unallocated corporate liabilities	<b>5,510</b>	6,895
<b>Consolidated liabilities</b>	<b>524,670</b>	502,534

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

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

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 6. FINANCE COSTS

	Six months ended 30 June	
	2020 HKD'000 (Unaudited)	2019 HKD'000 (Unaudited)
Interest expense on:		
Bank borrowings	5,384	5,245
Others borrowings	5,492	8,941
Leases liabilities	149	5
	<b>11,025</b>	14,191

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

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

	Six months ended 30 June	
	2020 HKD'000 (Unaudited)	2019 HKD'000 (Unaudited)
Directors' and chief executive's emoluments, including share-based payment expenses of HKD6,228,000 (2019: HKD1,543,000)	9,661	3,383
Other staff costs	4,965	2,320
Contributions to retirement benefits scheme	506	70
Share-based payment expenses for employees	3,370	119
Total staff costs	<b>18,502</b>	5,892
Auditor's remuneration – Other services	230	180
Cost of inventories recognised as an expense	60,984	779
Provision for credit loss allowances on loan and interest receivables, net	5,410	2,210
Provision for credit loss allowances on trade and other receivables, net	480	–
Provision for/(Reversal of provision for) expected credit loss on loan commitment	828	(2,456)
Direct operating expenses arising from investment properties that generated rental income during the period	399	359
Depreciation of property, plant and equipment	494	365
Depreciation of right-of-use assets	2,160	57
Minimum lease payments in respect of operating lease of office premises	598	623
Share-based payment expenses for consultants	7,900	3,306



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020 HKD'000 (Unaudited)	2019 HKD'000 (Unaudited)
PRC corporate income tax ( <i>note (i)</i> )		
– Charge for the period	2,301	–
Hong Kong Profits Tax		
– Charge for the period ( <i>note (ii)</i> )	50	769
– Withholding tax ( <i>note (iii)</i> )	153	–
	2,504	769
Deferred tax (credited)/charged to profit or loss	(1,125)	41
Income tax expenses	1,379	810

Note:

- (i) The People's Republic of China (the "PRC") Enterprise Income Tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries during the six months ended 30 June 2020.
- (ii) Hong Kong profits tax has been provided at 8.25% for the first HKD2 million of profits of qualifying corporation and at 16.5% for the profit above HKD2 million.
- (iii) The withholding tax is calculated at the rate of 10% on total rental income derived in the PRC jurisdiction for the six months ended 30 June 2020.

## 9. DIVIDEND

The directors of the Company do not recommend for payment of a dividend for the six months ended 30 June 2020 (2019: Nil).

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 10. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
(Loss)/Profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<b>(43,187)</b>	15,606

### Number of shares

	'000	'000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>12,545,698</b>	12,087,474
Effect of dilutive potential ordinary shares:		
Share options issued by the Company ( <i>Note</i> )	–	–
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<b>12,545,698</b>	12,087,474

#### *Note:*

The computation of diluted loss per share for the six months ended 30 June 2020 did not assume the exercise of the Company's outstanding share options since it would result in a decrease in the loss per share. The computation of diluted earnings per share for the six months ended 30 June 2019 did not assume the exercise of the Company's outstanding share options because the exercise prices of those options were higher than the average market price of the shares of the Company.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

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

During the six months ended 30 June 2020, the Group paid approximately of HKD11,005,000 for the acquisition of property, plant and equipment (six months ended 30 June 2019: HKD835,000).

During the six months ended 30 June 2020, the Group disposed of certain items of property, plant and equipment with carrying values amounting to approximately HKD10,590,000 via disposal of Future Finet Limited (“**Future Finet**”) as detail in Note 22(a) and HKD35,000 via disposal of 鉅合 (杭州) 諮詢管理有限公司 (“鉅合”) as detail in Note 22(b) (six months ended 30 June 2019: Nil).

During the six months ended 30 June 2020, the Group entered into one new lease agreements for the use of the premise for three years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised approximately HKD2,833,000 (six months ended 30 June 2019: HKD6,956,000) of right-of-use assets and approximately HKD2,833,000 (six months ended 30 June 2019: HKD6,956,000) lease liability.

The fair value of the Group’s investment properties at the end of the reporting period have been arrived at on the basis of a valuation carried out by Colliers International (Hong Kong) Limited, a firm of independent qualified professional valuers, not connected to the Group. The valuation using direct comparison approach was arrived at by reference to market evidence of recent transaction prices for similar properties in the similar locations and conditions if such information is available.

Fair value loss of HKD3,102,000 of investment properties has been recognised in profit or loss for the six months ended 30 June 2020 (six months ended 30 June 2019: fair value gain of HKD12,000,000). At 30 June 2020, the Group’s investment property amounting approximately of HKD283,000,000 (31 December 2019: HKD285,000,000) has been pledged to secure the bank borrowings and other borrowings granted to the Group (Notes 17 and 18). At the same date, another investment property amounting approximately of HKD379,000,000 (31 December 2019: HKD379,000,000) has been pledged to secure the bank borrowings granted to the Group (Note 17).

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 12. INTEREST IN AN ASSOCIATE

	<b>30 June 2020 HKD'000 (Unaudited)</b>	31 December 2019 HKD'000 (Audited)
Cost of investment in an associate	559	559
Share of loss	(499)	(139)
Translation difference	(3)	3
	<b>57</b>	423

On 8 October 2019, Smart Prosper Enterprises (International) Limited, a wholly-owned subsidiary of the Company, entered into an incorporation agreement with the independent third parties for the formation of 揚州越界未來健康科技有限公司 (“揚州越界”) and the Group subscribed for 30% equity interests of 揚州越界. The subscription consideration was equivalent to RMB1,980,000 (equivalent to approximately HKD2,213,000).

揚州越界 is principally engaged in trading and development of beauty and health product in the PRC. The Group explores opportunities in these core businesses to create long-term value for its shareholders. The Group considered it has significant influence over 揚州越界 due to the Group has the right to appoint 2 out of 5 directors of 揚州越界, representing 40% of the board of directors.

As at 30 June 2020, the Group has paid RMB500,000 (equivalent to approximately HKD559,000) for the registered capital of 揚州越界. The Group shall pay the remaining registered capital amounting to RMB1,480,000 (equivalent to approximately HKD1,654,000) within two years after the date of issuance of business license, 揚州越界 commenced its business during the six months ended 30 June 2020.

The particulars of the associate of the Group as at 30 June 2020 was as follows:

Name	Particulars of registered capital	Place of establishment	Proportion of ownership interest attributable to the Group		Place of operation and principal activities
			30 June 2020	31 December 2019	
揚州越界	RMB6,600,000	The PRC	30%	30%	Trading and development of beauty and health product in the PRC

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

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

	<b>30 June 2020 HKD'000 (Unaudited)</b>	31 December 2019 HKD'000 (Audited)
Listed securities, at fair value:		
Equity securities listed in Hong Kong	<b>259,384</b>	270,627
		HKD'000
Carrying amount as at 31 December 2019 (audited)		270,627
Disposals		(21,311)
Changes in fair value through other comprehensive income		10,068
Carrying amount as at 30 June 2020 (unaudited)		259,384

*Note:*

The fair values of the listed equity securities investments as at 30 June 2020 were determined based on the quoted market closing prices on the Stock Exchange.

At 30 June 2020, the Group's financial assets at fair value through other comprehensive income, with carrying amount of approximately HKD259,384,000 (31 December 2019: HKD270,627,000), have been pledged to secure the other borrowings granted to the Group (Note 18).

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

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

	<b>30 June 2020 HKD'000 (Unaudited)</b>	31 December 2019 HKD'000 (Audited)
Listed securities, at fair value:		
Equity securities listed in Hong Kong	<b>1,079</b>	26,350
		HKD'000
For equity securities listed in Hong Kong:		
Carrying amount as at 31 December 2019 (audited)		26,350
Disposals		(23,454)
Changes in fair value through profit or loss		(1,817)
Carrying amount as at 30 June 2020		1,079

*Note:*

The fair values of the listed equity securities investments as at 30 June 2020 were determined based on the quoted market closing prices on the Stock Exchange.

At 30 June 2020, the Group's financial assets at fair value through profit or loss, with carrying amount of approximately HKD1,079,000 (31 December 2019: HKD26,350,000), have been pledged to secure the other borrowings granted to the Group (Note 18).

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 15. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES

	Notes	30 June 2020 HKD'000 (Unaudited)	31 December 2019 HKD'000 (Audited)
<b>Trade and other receivables</b>			
Trade receivables	(i)	21,407	649
Less: allowance of credit losses		(480)	–
		<b>20,927</b>	649
Prepayments	(ii)	7,444	4,344
Deposits		2,957	2,561
Other receivables	(iii)	6,066	2,544
		<b>37,394</b>	10,098
<b>Loan and interest receivables:</b>			
From investment in film industry (including interest receivables of approximately HKD1,211,000 (31 December 2019: HKD1,639,000))	(iv)	5,013	10,706
From money lending business (including interest receivables of approximately HKD15,610,000 (31 December 2019: HKD6,187,000))	(v)	321,090	312,187
Less: allowance of credit losses		(25,687)	(20,277)
		<b>295,403</b>	291,910
		<b>300,416</b>	302,616

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 15. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES (Continued)

### (i) Trade receivables

Trade receivables at the end of the reporting period represent amounts receivable from high technology business and the trading business and related services. No interest was charged on the trade receivables.

The Group requires the trade debtors to pay in accordance to the respective sales and purchase agreements.

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

	<b>30 June 2020 HKD'000 (Unaudited)</b>	31 December 2019 HKD'000 (Audited)
0 – 30 days	11,318	195
31 – 90 days	7,042	432
91 – 180 days	105	–
Over 180 days	2,942	22
	<b>21,407</b>	649

### (ii) Prepayment

As at 30 June 2020, the balance mainly comprised prepayments for inventories amounting to approximately HKD6,458,000 (31 December 2019: HKD4,165,000).

### (iii) Other receivables

As at 30 June 2020, the balance mainly comprised the consideration receivables amounted to approximately HKD2,270,000 in relation to the disposal of Future Finet and approximately HKD548,000 in relation to the disposal of 鈺合, rental income receivables in relation to the investment properties in the PRC and Hong Kong amounting to approximately HKD1,576,000 (31 December 2019: HKD827,000).



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 15. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES *(Continued)*

### (iv) Loan and interest receivables – from investment in film industry

During the years ended 31 December 2017 and 2018, the Group has entered into three loan agreements to provide loans to the film production investor for film distribution. One of the loans was fully settled during the year ended 31 December 2019 and one of the loans was fully settled during the six months ended 30 June 2020.

The loans to the film production investor have generated interest income of approximately HKD246,000 during the period (six months ended 30 June 2019: HKD844,000). As at 30 June 2020, the loan receivables and interest receivables due from the film production investor were approximately USD488,000 (equivalent to approximately HKD3,803,000) and USD155,000 (equivalent to approximately HKD1,210,000), respectively (31 December 2019: USD1,163,000 (equivalent to approximately HKD9,067,000) and USD210,000 (equivalent to approximately HKD1,639,000)). The loans are unsecured, borne fixed interest rate at 12% (31 December 2019: 8% to 12%) per annum and interest accrued and principal are repayable on the second or third anniversary of the date of the agreements or under the demand of the Group.

Mr. Yu Qingrui (“**Mr. Yu**”) agreed to provide guarantee to the Group in respect of the abovementioned loans and related interest.

### (v) Loan and interest receivables – from money lending business

The loan receivables from 5 borrowers (31 December 2019: 4 borrowers) are unsecured, bear fixed interest rates at 8% (31 December 2019: fixed interest rates at 8%) per annum and repayable according to the respective loan agreements.

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

	<b>30 June 2020 HKD'000 (Unaudited)</b>	31 December 2019 HKD'000 (Audited)
Within 1 year	<b>295,403</b>	291,910

*Note:*

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

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 15. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES *(Continued)*

### (v) Loan and interest receivables – from money lending business *(Continued)*

As at 30 June 2020, the Group has granted an aggregate irrevocable loan facility of HKD270,000,000 (31 December 2019: HKD270,000,000) to Central Wealth Group Holdings Limited (“**Central Wealth**”) and the total loans advanced to Central Wealth were amounted to approximately HKD215,000,000 (31 December 2019: HKD215,000,000) and generated interest income of approximately HKD3,101,000 for the period from 1 January 2019 to 13 March 2019 from Central Wealth, a related company of the Group up to 13 March 2019. These loans are unsecured, bear fixed interest rate at 8% per annum and repayable under the demand of the Group or no later than 31 December 2020.

Mr. Yu is a common shareholder and director of Central Wealth and the Company. Loans receivables of the Group disclosed pursuant to Section 383 of the CO (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	<b>Maximum amount outstanding during the period HKD'000</b>	<b>30 June 2020 HKD'000 (Unaudited)</b>	31 December 2019 HKD'000 (Audited)
Loans to Central Wealth (including interest receivables of approximately HKD13,754,000 (31 December 2019: HKD5,224,000))	228,754	<b>228,754</b>	220,224

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 16. ACCRUALS AND OTHER PAYABLES/CONTRACT LIABILITIES

	Notes	30 June 2020 HKD'000 (Unaudited)	31 December 2019 HKD'000 (Audited)
<b>Accruals and other payables</b>			
Accruals		7,976	3,356
Deferred income	(i)	9,600	–
Deposits received	(ii)	2,086	1,347
Other payable	(iii)	4,400	3,572
		<b>24,062</b>	8,275
Contract liabilities	(iv)	<b>14,028</b>	3,014

Material balances included in accruals and other payables are as follows:

- (i) Deferred income amounting to approximately HKD9,600,000 represented the government grants received of which conditions have not yet been fulfilled as at 30 June 2020 in the opinion of the directors of the Company (31 December 2019: Nil).
- (ii) Rental deposit of approximately HKD2,086,000 was received from the tenants as at 30 June 2020 (31 December 2019: HKD1,347,000).
- (iii) Provision for expected credit loss on loan commitment amounted to approximately HKD4,400,000 in relation to the undrawn loan commitment granted to Central Wealth as at 30 June 2020 (31 December 2019: HKD3,572,000).
- (iv) Contract liabilities amounted to approximately HKD14,028,000 was received from customer as at 30 June 2020 (31 December 2019: HKD 3,014,000).

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 17. BANK BORROWINGS

	<b>30 June 2020 HKD'000 (Unaudited)</b>	31 December 2019 HKD'000 (Audited)
Secured bank borrowings	<b>308,531</b>	312,369

	<b>30 June 2020 HKD'000 (Unaudited)</b>	31 December 2019 HKD'000 (Audited)
Carrying amount scheduled to repay as follows:		
Within one year	<b>87,974</b>	88,838
More than one year, but not more than two years	<b>9,327</b>	9,130
More than two years, but not more than five years	<b>29,590</b>	28,941
More than five years	<b>181,640</b>	185,460
	<b>308,531</b>	312,369

	<b>30 June 2020 HKD'000 (Unaudited)</b>	31 December 2019 HKD'000 (Audited)
Carrying amount of the bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	<b>220,557</b>	223,531
Carrying amount repayable within one year	<b>87,974</b>	88,838
	<b>308,531</b>	312,369

The bank borrowings bear interest at range of HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 0.5% p.a. over cost of fund at 30 June 2020 (31 December 2019: HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 2.5% per annum over HIBOR (1 week to 1 month)).

At 30 June 2020 and 31 December 2019, the Group's bank borrowings are secured by the investment properties amounting to approximately HKD662,000,000 (31 December 2019: HKD664,000,000) (Note 11).

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 18. OTHER BORROWINGS

As at 30 June 2020, the other borrowings due to the securities brokers are guaranteed by the Company and secured by the pledged of financial assets at fair value through other comprehensive income of approximately HKD259,384,000 (Note 13) and financial assets at fair value through profit or loss of approximately HKD1,079,000 (Note 14) and an investment property of approximately HKD283,000,000 (Note 11), respectively. The other borrowings due to the securities broker are repayable within twelve months from the first drawdown date.

Partial of the other borrowings amounting to approximately HKD113,403,000 due to the securities brokers are subject to the fulfilment of covenants. At 30 June 2020, a covenant of such borrowings has not been fulfilled.

## 19. SHARE CAPITAL

	Number of ordinary shares <i>(Note a)</i>	Number of preference shares	Amount HKD'000
Ordinary shares of HKD0.001 each			
Authorised:			
At 31 December 2019 and 30 June 2020	249,480,000,000	520,000,000	250,000
Issued and fully issued:			
At 31 December 2019 (audited)	12,480,291,466	–	12,480
Exercise of share option <i>(Note b)</i>	124,000,000	–	124
At 30 June 2020 (unaudited)	12,604,291,466	–	12,604

*Note:*

- All the ordinary shares which were issued by the Company rank pari passu with each other in all respects.
- During the six months ended 30 June 2020, 124,000,000 share options were exercised at the exercise price of HKD0.028 per share. The total cash consideration received from the issuance 124,000,000 shares was approximately HKD3,472,000, of which HKD124,000 was credited to issued share capital and the remaining balance of HKD3,348,000 was credited to the share premium account. In addition, amount attributable to the related share options of HKD980,000 has been transferred from share option reserve to the share premium account. In the opinion of the directors of the Company, the transaction costs in relation to this exercise of share option were immaterial.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 20. SHARE OPTION SCHEME

Particulars of the Company's share option schemes adopted on 22 February 2012 (the "**Scheme 2012**") are set out in Note 34(a) to the consolidated financial statements of the Group for the year ended 31 December 2019 dated 26 March 2020.

During the current interim period, 1,248,000,000 share options at the initial exercise price of HKD0.0280 were granted on 27 March 2020. The fair value of share options granted to directors, employees and consultants on 27 March 2020 amounted to approximately HKD9,542,000, of which HKD9,542,000 was included in the profit or loss of current period. The fair value of share options granted to directors, employees and consultants on 26 March 2019 amounted to approximately HKD16,134,000, of which HKD3,773,000 was included in the profit or loss of current period. The fair value of share options granted to consultants on 6 June 2019 amounted to approximately HKD9,715,000, of which HKD4,183,000 was included in the profit or loss of current period. As a result, the total fair value of share option charged to the profit or loss of current period was approximately HKD17,498,000. No share options were granted by the Company in prior interim period.

As at 30 June 2020, the weighted average exercise price of share options granted on 26 March 2019, 6 June 2019 and 27 March 2020 under the Scheme 2012 is HKD0.1244, HKD0.0798 and HKD0.0280 (31 December 2019: HKD0.1244 and HKD0.0798) per share respectively.

The weighted average remaining contractual life of these outstanding share options granted on 26 March 2019, 6 June 2019 and 27 March 2020 are approximately 0.73 year, 0.93 year and 1.74 years (31 December 2019: 1.23 years and 1.43 years) respectively.

No share options were cancelled or lapsed during the current and prior interim period.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 21. ACQUISITION OF SUBSIDIARIES

### (a) Acquisition of 揚州哈工漫威機器人有限公司 (“揚州哈工漫威”)

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

Assets acquired and liabilities recognised at the date of acquisition were as follows:

	HKD'000
Cash and bank balances	31
Trade and other receivables	5,786
Inventories	184
Trade payables	(2,262)
Accruals and other payables	(3,683)
Non-controlling interests	(25)
Bargain purchase arising from the acquisition	(28)
	<u>3</u>
Total consideration satisfied by:	
Cash	<u>3</u>

Cashflow movement in relation to the acquisition during the period ended 30 June 2020:

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

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 21. ACQUISITION OF SUBSIDIARIES (Continued)

### (b) Acquisition of 合肥哈工威達智能裝備有限公司 (“哈工威達智能裝備”)

In March 2020, 深圳未來機器人 entered into certain sale and purchase agreements with certain independent third parties, pursuant to which the Group has agreed to acquire the 100% equity interest of 哈工威達智能裝備 at an aggregate cash consideration of RMB428,008 (equivalent to approximately HKD470,000). The acquisition was completed on 15 April 2020. 哈工威達智能裝備 has certain wholly and non-wholly owned subsidiaries and the group of 哈工威達智能裝備 is principally engaged in the production of robotics products in the PRC.

Assets acquired and liabilities recognised at the date of acquisition were as follows:

	HKD'000
Cash and bank balances	5,376
Trade and other receivables	7,656
Bills receivables	5,967
Accruals and other payables	(18,432)
Non-controlling interests	(88)
Bargain purchase arising from the acquisition	(9)
	470
Total consideration satisfied by:	
Cash	470

Cashflow movement in relation to the acquisition during the period ended 30 June 2020:

	HKD'000
Cash consideration paid	(470)
Cash at bank acquired	5,376
	4,906
Net cash inflow	4,906



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 22. DISPOSAL OF SUBSIDIARIES

### (a) Disposal of Future Finet

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

Future Finet commenced its mask production business in April 2020. However, having considered the reduction in demand and needs of masks in Hong Kong in late April, the Group decided to cease its own local mask production in order to control costs. On 14 May 2020, the Company entered into a sale and purchase agreement with an independent third party (the “Buyer”), pursuant to which the Group has agreed to dispose of its 51% equity interest in Future Finet and assign the amount due from Future Finet to the Buyer at a total consideration of HKD7,000,000.

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

	HKD'000
Cash and bank balances	6
Trade and other receivables	5,495
Property, plant and equipment	10,590
Inventories	407
Trade payables	(2,000)
Accruals and other payables	(8,887)
Amount due to ultimate holding company	(6,942)
Non-controlling interests	634
Gain on disposal of subsidiary	755
	58
Assignment of amount due from a subsidiary to the Buyer	6,942
	7,000

Cashflow movement in relation to the disposal during the period ended 30 June 2020:

	HKD'000
Cash consideration received ( <i>note</i> )	4,730
Cash at bank disposed	(6)
	4,724

*Note:* The remaining consideration amounted to approximately HKD2,270,000 was included in other receivable as disclosed in Note 15(iii).

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 22. DISPOSAL OF SUBSIDIARIES (Continued)

### (b) Disposal of 鉅合

In April 2020, 深圳未徠機器人 entered into certain sale and purchase agreements with certain independent third parties, pursuant to which the Group has agreed to dispose of the 51% equity interest of 鉅合 in an aggregate cash consideration of RMB500,001 (equivalent to approximately HKD548,000).

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

	HKD'000
Cash and bank balances	521
Trade and other receivables	144
Property, plant and equipment	35
Accruals and other payables	(395)
Non-controlling interests	25
Gain on disposal of subsidiary	218
	<hr/> 548
Total consideration to be satisfied by cash (note)	<hr/> 548

Cashflow movement in relation to the disposal during the period ended 30 June 2020:

	HKD'000
Cash at bank disposed	(521)
Net cash outflow	<hr/> (521)

Note: The consideration amounted to approximately HKD548,000 was included in other receivables as disclosed in Note 15(iii).

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 23. COMMITMENTS

### a) Operating lease arrangement – the Group as lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms of one year. The terms of the leases also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	<b>30 June 2020 HKD'000 (Unaudited)</b>	31 December 2019 HKD'000 (Audited)
Within one year	<b>13,685</b>	4,722
Over one year but within two years	<b>8,887</b>	4,555
Over two years but within five years	<b>84</b>	1,555
	<b>22,656</b>	10,832

### b) Other commitment

#### **Unpaid share capital for 深圳未來機器人**

On 24 June 2019, 深圳未來機器人 increased the registered capital to HKD10,000,000, of which HKD5,500,000 was paid up during the year ended 31 December 2019. For the unpaid registered capital, the directors of the Company considered that the risk to pay the penalty is remote and hence no provision for the penalty has been provided as at 31 December 2019. During the six months ended 30 June 2020, registered capital of HKD4,500,000 was fully paid up.

#### **Unpaid share capital for 鉅合**

For the 51% registered capital of RMB5,100,000 (equivalent to approximately HKD5,699,000) for 鉅合, an indirectly 51% owned subsidiary of the Company, as at 31 December 2019, the Group had a commitment fully pay the 51% registered capital before 25 October 2024. On 22 January 2020, registered capital of RMB500,000 (equivalent to approximately HKD566,000) was paid up. During the six months ended 30 June 2020, the Group disposed of the 51% equity interest of 鉅合 as disclosed in Note 22(b).

#### **Unpaid share capital for 揚州越界**

For the 30% registered capital of RMB1,980,000 (equivalent to approximately HKD2,213,000) for 揚州越界, an associate of the Company, the Group shall pay the remaining amount of 30% registered capital amounting to RMB1,480,000 (equivalent to approximately HKD1,654,000) within two years after the date of issuance of business license on 16 October 2019.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 24. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the period:

- (a) During the six months ended 30 June 2020, 合肥哈工焊研威達自動化科技有限公司 (“合肥哈工焊研威達”), an indirectly non wholly-owned subsidiary of the Company, has received the aggregate income on high technology business from 成都焊研威達科技股份有限公司 (“成都焊研威達”) of approximately RMB27,382,000 (equivalent to approximately HKD30,183,000) and has purchased the aggregate raw material on high technology business from 成都焊研威達 of approximately RMB27,162,000 (equivalent to approximately HKD29,941,000), in which 金雲龍 is the key management personnel of both 合肥哈工焊研威達 and 成都焊研威達.
- (b) During the six months ended 30 June 2020, 合肥哈工廣泰數控科技有限公司 (“合肥哈工廣泰”), an indirectly non wholly-owned subsidiary of the Company, has paid the aggregate cost of inventory on high technology business to 成都廣泰威達數控技術股份有限公司 (“成都廣泰威達”) of approximately RMB4,572,000 (equivalent to approximately HKD5,040,000), in which 金雲龍 is the key management personnel of both 合肥哈工廣泰 and 成都廣泰威達.
- (c) **Compensation to key management personnel**

The remuneration for key management personnel of the Group, including directors and other members of key management, during the period was as follows:

	Six months ended 30 June	
	2020 HKD'000 (Unaudited)	2019 HKD'000 (Unaudited)
Short-term benefits	3,432	1,813
Post-employment benefits	122	27
Share-based payments	9,422	1,543
	<b>12,976</b>	3,383

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 25. FAIR VALUE MEASUREMENT OF THE FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurement is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value Hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
	30 June	31 December			
	2020 HKD'000 (Unaudited)	2019 HKD'000 (Audited)			
Listed equity securities classified as financial assets at fair value through other comprehensive income	259,384	270,627	Level 1	Quoted bid prices in an active market	N/A
Listed equity securities classified as fair value through profit or loss	1,079	26,350	Level 1	Quoted bid prices in an active market	N/A

There were no transfers between Level 1, 2 and 3 in current interim period and prior year.

The directors considered that carrying amounts of financial assets and financial liabilities recognised in the Interim Financial Statements approximate their fair values.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 26. EVENTS AFTER THE END OF THE REPORTING PERIOD

### a) Share consolidation

On 22 May 2020, the Company proposed to implement a share consolidation on the basis that every twenty issued and unissued shares of HKD0.001 each will be consolidated into one consolidated share of HKD0.02 each (the “**Share Consolidation**”).

Pursuant to an ordinary resolution passed on 30 June 2020, the Share Consolidation was approved by the shareholders of the Company and has become effective on 3 July 2020. Immediately after the Share Consolidation, the total number of issued shares of the Company was adjusted from 12,604,291,446 to 630,214,572.

### b) Proposed rights issue

On 22 May 2020, the Company announced the proposed rights issue (the “**Rights Issue**”) on the basis of one rights share (the “**Rights Shares**”) for every two shares held on 10 July 2020 as a record date at the subscription price of HKD0.18 per rights share. The Rights Issue was completed on 17 August 2020, and 315,107,286 Rights Shares were allotted and issued to the shareholders accordingly.

## Other Information

### DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2020, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

#### Long positions in the ordinary shares and the underlying shares of the Company

Name of Directors	Capacity	Personal Interest	Other Interest (Note)	Total Interest	Percentage of Company's issued share capital
Liang Jian	Beneficial owner	–	234,000,000	234,000,000	1.86%
Yu Zhenzhong	Beneficial owner	–	234,000,000	234,000,000	1.86%
Siu Yun Fat	Beneficial owner	68,800,000	143,000,000	211,800,000	1.68%
Yu Qingrui	Beneficial owner	53,404,425	143,000,000	196,404,425	1.56%
Cai Linzhan	Beneficial owner	32,289,144	124,000,000	156,289,144	1.24%
Tam Tak Wah	Beneficial owner	267,340	–	267,340	0.002%

Note: These interests represent options granted to the Directors as beneficial owners under the share option scheme of the Company. Details of the interests of the Directors in the share options of the Company are disclosed in the section "Share Option Scheme" below.

Save as disclosed above, as at 30 June 2020, none of the directors or chief executive of the Company had registered an interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme and the Share Award Scheme disclosed below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

# Other Information

## SHARE OPTION SCHEME

Pursuant to the written resolutions passed by all of the shareholders of the Company on 2 June 2003, the Company adopted a share option scheme (the “**Scheme 2003**”). Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 22 February 2012, the Scheme 2003 was terminated and a new share option scheme (the “**Scheme 2012**”) was adopted. The remaining life of the Scheme 2012, which will expire on 21 February 2022, is approximately 1.5 years from the date of this report.

The existing scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the Scheme 2012 has been refreshed at the annual general meeting of the Company held on 30 June 2020 which the total number of shares of the Company may be allotted and issued pursuant to the grant or exercises of the options under the Scheme 2012 shall not be exceed 10% of the shares of the Company in issue as at 30 June 2020.

Movements in share options during the Period are as follows:

Grantee	Date of grant (Note)	Exercise price per shares HKD	Number of share options				As at 30.06.2020	Exercise period	Vesting date
			As at 01.01.2020	Granted during the period	Exercised during the period	Lapsed during the period			
<b>Scheme 2012</b>									
<b>Directors</b>									
Liang Jian	26.03.2019	0.1244	110,000,000	-	-	-	110,000,000	26.03.2019 – 25.03.2021	26.03.2020
	27.03.2020	0.028	-	124,000,000	-	-	124,000,000	27.03.2020 – 26.03.2022	27.03.2020
Yu Zhenzhong	26.03.2019	0.1244	110,000,000	-	-	-	110,000,000	26.03.2019 – 25.03.2021	26.03.2020
	27.03.2020	0.028	-	124,000,000	-	-	124,000,000	27.03.2020 – 26.03.2022	27.03.2020
Siu Yun Fat	26.03.2019	0.1244	19,000,000	-	-	-	19,000,000	26.03.2019 – 25.03.2021	26.03.2020
	27.03.2020	0.028	-	124,000,000	-	-	124,000,000	27.03.2020 – 26.03.2022	27.03.2020
Yu Qingrui	26.03.2019	0.1244	19,000,000	-	-	-	19,000,000	26.03.2019 – 25.03.2021	26.03.2020
	27.03.2020	0.028	-	124,000,000	-	-	124,000,000	27.03.2020 – 26.03.2022	27.03.2020
Cai Linzhan	27.03.2020	0.028	-	124,000,000	-	-	124,000,000	27.03.2020 – 26.03.2022	27.03.2020
<b>Employees</b>									
In aggregate	26.03.2019	0.1244	20,000,000	-	-	-	20,000,000	26.03.2019 – 25.03.2021	26.03.2020
	27.03.2020	0.028	-	454,000,000	-	-	454,000,000	27.03.2020 – 26.03.2022	27.03.2020
<b>Consultants</b>									
In aggregate	26.03.2019	0.1244	440,000,000	-	-	-	440,000,000	26.03.2019 – 25.03.2021	26.03.2020
	06.06.2019	0.0798	440,000,000	-	-	-	440,000,000	06.06.2019 – 05.06.2021	06.06.2020
	27.03.2020	0.028	-	174,000,000	(124,000,000)	-	50,000,000	27.03.2020 – 26.03.2022	27.03.2020
<b>Total</b>			1,158,000,000	1,248,000,000	(124,000,000)	-	2,282,000,000		



## Other Information

*Note:* The closing price of the shares immediately before 26 March 2019 was HKD0.101.

The closing price of the shares immediately before 6 June 2019 was HKD0.080.

The closing price of the shares immediately before 27 March 2020 was HKD0.029.

Apart from the above movements, no share options were granted, exercised, lapsed or cancelled under the share option scheme of the Company during the Period.

As at the date of this report, an aggregate of 90,190,441 shares, being adjusted as a result of share consolidation on 3 July 2020 and rights issue on 17 August 2020, are issuable for share options granted under the Scheme 2012, representing approximately 9.54% of the total number of issued shares of the Company. The weighted average remaining contractual life of these outstanding share options is approximately 1.27 year (31 December 2019: 1.31 years).

During the Period, expenses of HKD17,498,000 was recognised by the Group (six months period ended 30 June 2019: HKD4,968,000) in relation to share options granted by the Company.

### SHARE AWARD SCHEME

The Company adopted a share award scheme on 15 July 2015 (the “**Share Award Scheme**”). The purposes and objectives of the Share Award Scheme are to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of and contribution to the Group.

The existing scheme mandate limit in respect of the granting of share awards under the Share Award Scheme has been refreshed at the annual general meeting of the Company held on 31 May 2018 which the total number of shares of the Company may be awarded under the Share Award Scheme shall not be exceed 10% of the shares of the Company in issue as at 31 May 2018. Notwithstanding the foregoing, the Company will not issue or grant any awarded shares under the Share Award Scheme which would result in the total number of the awarded shares together with shares which may be issued upon exercise of all outstanding share options granted but yet to be exercised under the share option scheme of the Company representing in aggregate over 30% of the Company’s shares in issue as at the date of such grant.

During the Period, no shares of the Company were purchased by the trustee of the Share Award Scheme pursuant to the terms of the trust deed of the Share Award Scheme (2019: Nil). No share award has been granted, vested, lapsed and cancelled during the Period.

## Other Information

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2020, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

#### Long positions in the ordinary shares and the underlying shares of the Company

Name of Shareholder	Capacity	Number of Shares	Percentage of the Company's issued share capital
Zhang XiaoJun	Beneficial owner	1,200,000,000	9.52%
Zhu Qian ( <i>Note</i> )	Interest of controlled corporations	900,000,000	7.14%
Victory Intelligence Industry Limited	Beneficial owner	900,000,000	7.14%

*Note:* Ms. Zhu Qian was deemed to be interested in 900,000,000 Shares held by Victory Intelligence Industry Limited by virtue of her 100% interests in the issued share capital of Victory Intelligence Industry Limited.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 30 June 2020 as required pursuant to section 336 of the SFO.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

## CORPORATE GOVERNANCE

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

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. Four independent non-executive directors, namely Mr. Chen Pei, Mr. Siu Siu Ling, Robert, Mr. Tam Tak Wah and Zheng Zongjia were appointed with no specific term. All independent non-executive directors are subject to the requirement to retire by rotation at least once every three years. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

## SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 19 to the condensed consolidated interim financial statements.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

## EVENTS AFTER THE REPORTING PERIOD

### Share consolidation

On 22 May 2020, the Company proposed to implement a share consolidation on the basis that every twenty 20 issued and unissued shares of HKD0.001 each will be consolidated into one consolidated share of HKD0.02 each (the “**Share Consolidation**”).

Pursuant to an ordinary resolution passed on 30 June 2020, the Share Consolidation was approved by the shareholders of the Company and has become effective on 3 July 2020. Immediately after the Share Consolidation, the total number of issued shares of the Company was adjusted from 12,604,291,446 to 630,214,572.

For further information in relation to the Share Consolidation, please refer to the announcements of the Company dated 22 May 2020, 8 June 2020 and 30 June 2020 and the circular of the Company dated 12 June 2020.

# Other Information

## Proposed rights issue

On 22 May 2020, the Company announced the proposed rights issue (the “**Rights Issue**”) on the basis of one rights share (the “**Rights Shares**”) for every two shares held on 10 July 2020 as a record date at the subscription price of HKD0.18 per rights share. The Rights Issue was completed on 17 August 2020, and 315,107,286 Rights Shares were allotted and issued to the shareholders accordingly.

The net proceeds from the Rights Issue after deducting the expenses were approximately HKD53 million. The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately HKD16 million for development of intelligent industrial welding robots or cutting tooling devices business; (ii) approximately HKD14 million for development of the money lending business; (iii) approximately HKD10 million for repayment of loan and interest; and (iv) the remaining balance for general working capital of the Group.

Details were set out in the Company’s announcements dated 22 May 2020, 8 June 2020, 4 August 2020 and 14 August 2020 and prospectus of the Company dated 15 July 2020.

## REVIEW OF INTERIM RESULTS

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

## UPDATES ON DIRECTORS’ INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the publication of the Company’s 2019 annual report are set out below:

1. Mr. Tam Tak Wah has resigned as an executive director of Golden Century International Holdings Group Limited (stock code: 91) in May 2020, a company listed on the Main Board of the Stock Exchange.
2. Mr. Lau Fai Lawrence has been appointed as the company secretary of HM International Holdings Limited (stock: 8416) on 14 August 2020, a company listed on GEM of the Stock Exchange.

By Order of the Board  
**Liang Jian**  
*Chairman*

Hong Kong, 28 August 2020