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)

Annual Report 2020

MIX
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Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liang Jian *(Chairman[1] and Chief Executive Officer)*
Mr. Yu Zhenzhong *(Vice Chairman)*
Mr. Cai Linzhan
Mr. Lau Fai Lawrence
Mr. Siu Yun Fat
Mr. Wang Fei[2]
Mr. Yu Qingrui

1. Appointed as Chairman on 1 July 2020
2. Resigned as Chairman on 1 July 2020

Independent Non-Executive Directors

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

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

With effect from 16 April 2021:
Unit 2218, 22/F
The Metropolis Tower,
10 Metropolis Drive,
Hung Hom, Kowloon,
Hong Kong

REGISTERED OFFICE

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

AUDITOR

Moore Stephens CPA Limited
Certified Public Accountants
(Registered Public Interest Entity Auditor)
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

Dear Shareholders,

On behalf of the board of directors (the "**Board**"), of Future World Holdings Limited (the "**Company**"), I am pleased to present the annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2020.

PROSPECTS AND OUTLOOK

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

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 year ended 31 December 2020, the revenue from high technology business accounted for 77% of the Group's total revenue and recorded a segment profit of approximately HKD21,823,000. 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 and new energy transportation.

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.

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 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 Group Holdings Limited 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 Future World Securities Investment Limited (formerly known as Oriental Power Securities Investment Limited) ("**FW Securities**") during the year. FW Securities aims at providing broader and more diversified services to customers. FW Securities targets to provide securities dealing and advising securities services to its customers. FW Securities will provide broker-dealer services covering the stocks and investment-linked instruments listed in the Stock Exchange. FW Securities 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. FW Securities will charge placing or underwriting commission at a rate determined by negotiation with clients which is generally in line with market practice.

APPRECIATION

I would like to take this opportunity to express the Board's sincere gratitude to all shareholders, investors, bankers, business associates and customers for their continuous support to the Group, and to all employees for their hard work and contributions during the past year.

Liang Jian
Chairman

Hong Kong, 30 March 2021

FINANCIAL RESULTS

The Group's revenue for the year ended 31 December 2020 has increased to HKD234,659,000, which is 190% higher compared with the revenue of approximately HKD80,916,000 for the year ended 31 December 2019. 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 at below. The Group recorded a net loss of approximately HKD38,003,000 attributable to shareholders of the Company for the year ended 31 December 2020 (2019: net loss of HKD53,991,000) and basic loss per share of HK5.08 cents (2019: basic loss per share of HK8.76 cents) for the year ended 31 December 2020. The decrease in net loss was mainly attributable to net effect of (i) the Group recorded a profit of approximately HKD21,823,000 from the segment of high technology business (2019: Nil); (ii) decrease in fair value loss of investment properties of approximately HKD24,665,000; (iii) provision for credit loss allowances on loan and interest receivables of approximately HKD1,433,000 (2019: reversal of credit loss allowances of approximately HKD6,740,000); and (iv) realised loss on investments at fair value through profit or loss of approximately HKD13,067,000 and there was no such item in last year.

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 postponement of the electric motorcycle business. The Group will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts on the financial position and operating results of the Group.

High Technology Business

Innovation and technology is an important growth engine for future economic development. Technology is leading the world into a new era, bringing with it a dramatic shift in the global economy. Leveraging on the expertise and experience of the directors and key management personnel, the Group has 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. The strong technical backing of engineering teams enabled us to ensure our products consistently meet the most stringent quality requirements of our customers during the year. In addition to identifying room for improvement in management, the Group will also keep up research and development efforts to make sure it is well equipped in developing new products and in identifying business opportunities. During the year, the Group registered number of intellectual property rights in relation to the high technology business. The success of the Group's high technology business was unquestionably the result of its dedicated devotion in research and development.

Management Discussion and Analysis

During the year ended 31 December 2020, the revenue of approximately HKD180,358,000 was generated (2019: Nil) and a profit of approximately HKD21,823,000 (2019: Nil) was recorded for the segment of high technology business. The revenue in high technology business was contributed by intelligent industrial welding robots and equipment business and artificial intelligence products and application solutions business. The Group established a top welding tooling expert team for research and development, and be committed to the development, design, production and sales of a full range of non-standard customized positioner, all kinds of special welding and cutting tooling devices, and all kinds of unmanned and intelligent non-standard production lines. The products are delivered to the customers' designated locations as a package to its customers. 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 with self-development system. The Group developed intelligent data storage software and registered number of intellectual property rights in relation to this data storage software. The Group purchased relevant hardware externally according to the customer's requirement and integrated with such intelligent data storage software. The data storage function includes data upload and read functions. The data recording module can automatically record the customer's data into the disc according to the configured recording strategy. The device automatically completes the entire process without user intervention. The intelligent storage equipment can create directories for sharing. The user can create, enable, disable, pause, clear, and add users to the shared directories. The intelligent storage equipment also has a hardware monitoring module, which monitors the status of hardware components such as controllers, optical storage devices, drives, robotic arms, and optical disc cartridges, and provides alarms for failures. Simultaneously, the intelligent storage equipment also has a backup function, which can be used for local backup and remote backup. For high technology business, before the customer's acceptance of the finished products, the Group has no enforceable right to receive consideration from the customers for performance completed to date. Revenue is recognised at a point in time when control of the products has transferred to customers.

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 continuously 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.

Since the announcement of the global strategic partnership in 2019 and following the announcement of the rights issue in May 2020, HIT Robot Group has now become a substantial shareholder of the Company holding approximately 20% of the shareholding in the Company.

Since the formation of strategic co-operation with the HIT Robot Group in 2019, the Company has already made significant progress in developing the High Technology business segment including but not limited to the technology industry, intelligent robotics and related services and artificial intelligence products and application solutions. The Group has an extensive variety of clients spanning across a number of different industries. These clients are generally involved in sectors relating and associated to the Company's High Technology business segment including, but not limited to welding, cutting equipment, trade and distribution, intelligent technology, intelligent equipment, industrial machinery and equipment, steel and other metals industries, clean energy and environmental protection, construction engineering, laser plate manufacturing, research and development, general manufacturing, mechanical and electrical equipment, robot automation and pressure vessels.

As at 31 December 2020, the operation team for the High Technology business segment comprises around 38 members of staff splitting across different departments of the Group.

Properties investment

The Group is currently holding (i) two residential properties located in Hong Kong which are on No. 19, Cumberland Road, Kowloon Tong (approximate saleable area of 5,808 square feet) and No. 1, Lincoln Road, Kowloon Tong (approximate saleable area of 6,892 square feet) 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 year ended 31 December 2020, the Group recorded rental income of HKD12,488,000 (2019: HKD3,340,000) and fair value loss of HKD3,125,000 (2019: fair value loss of HKD27,790,000) arising from change in fair value of investment properties from the property investment segment.

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

Treasury business

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

Securities trading and investment business

The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. The securities investments were classified under financial assets at fair value through other comprehensive income (“**FVTOCI**”) and financial assets at fair value through profit or loss (“**FVTPL**”) in the consolidated financial statements. During the year, the Group’s securities trading portfolio comprised of equity securities of CMBC Capital Holdings Limited (“**CMBC Capital**”, stock code: 1141), Central Wealth Group Holdings Limited (“**Central Wealth**”, stock code: 139), Huasheng International Holding Limited (“**Huasheng International**”, stock code: 1323), Dongwu Cement International Limited (“**Dongwu Cement**”, stock code: 695), Hong Kong Exchanges and Clearing Limited (“**HKEx**”, stock code: 388) and Tencent Holdings Limited (“**Tencent**”, stock code: 700) listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

In light of the uncertainty in the future global economy with the recent COVID-19 outbreak, together having considered the funding needs of the Group, the Group disposed of part of the securities investments in order to realise its investments and to allow the Group to reallocate its resources to areas with better potential. As a whole, the securities trading and investment segment recorded a loss of approximately HKD24,472,000 during the year ended 31 December 2020 (2019: HKD14,411,000). The loss was mainly due to finance costs of approximately HKD14,402,000 during the year ended 31 December 2020 (2019: HKD19,698,000) and net realised loss from securities trading and investment of approximately HKD13,067,000 during the year ended 31 December 2020 (2019: Nil). The Group recorded HKD5,198,000 dividend income (2019: HKD4,061,000) and an unrealised gain of securities investments under FVTPL of approximately HKD148,000 (2019: HKD4,133,000). For the securities under FVTOCI, the Group recorded a fair value loss of approximately HKD35,859,000 during the year ended 31 December 2020 (2019: HKD372,831,000) through other comprehensive income.

As at 31 December 2020, details of the securities investments held are as follows:

Name of the investees	Number of shares held	Percentage of equity interests as at 31.12.2020	Original cost of the interest as at 31.12.2020	Market value of the interests as at 31.12.2020	Fair value gain/(loss) for the year	Release of fair value reserve/ Realised gain/(loss) for the year
			HKD'000	HKD'000	HKD'000	HKD'000
FVTOCI						
CMBC Capital (Stock code: 1141)	1,480,600,000	3.109%	489,805	198,401	(17,965)	(110,043)
Central Wealth (Stock code: 139)	907,605,316	5.683%	82,758	18,152	(18,378)	(105)
Huasheng International (Stock code: 1323)	4,400,000	0.126%	3,080	3,564	484	–
Dongwu Cement (Stock code: 695)	–	–	–	–	–	352
Total			575,643	220,117	(35,859)	(109,796)
FVTPL						
Central Wealth	–	–	–	–	–	(13,074)
CMBC Capital	8,500,000	0.02%	1,020	1,139	119	–
HKEx (Stock code: 388)	600	0.00%	226	255	29	(7)
Tencent (Stock code: 700)	–	0.00%	–	–	–	14
Total			1,246	1,394	148	(13,067)
Grand-Total			576,889	221,511	(35,711)	(122,863)

As at 31 December 2020, the Group held securities investment portfolio with market value of approximately HKD221,511,000 (31 December 2019: HKD296,977,000). Except for the investment in CMBC Capital, at 31 December 2020, there were no other investments held by the Group of which value was more than 5% of the net assets of the Group.

Performance and prospects of the investees

CMBC Capital

CMBC Capital and its subsidiaries (the "**CMBC Capital Group**") was principally engaged in the business of brokerage and related services, securities investment and provision of finance. China Minsheng Banking Corporation Limited, one of the largest private banks in the PRC has indirect interest in over 60% of the issued shares capital of CMBC Capital as at 31 December 2019.

As mentioned in its annual result announcement for the year ended 31 December 2020, the CMBC Capital Group has recorded net profit amounted to approximately HKD393 million, representing an increase of approximately 10.2% when compared to the year ended 31 December 2019 of HKD357 million. The CMBC Capital Group's basic and diluted earnings per share were both HK0.83 cents (2019: both HK0.75 cents). Revenue has increased by approximately 4.1% to approximately HKD1,019 million for the year ended 31 December 2020, compared to approximately HKD979 million for the year ended 31 December 2019.

CMBC Capital closed at HKD0.134 as at 31 December 2020 (31 December 2019: HKD0.143).

Central Wealth

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

As mentioned in Central Wealth's annual result announcement for the year ended 31 December 2020, the net profit for the period was approximately HKD28 million as compared to approximately HKD208 million for the year ended 31 December 2019. Basic earnings per share attributable to ordinary equity holders of the parent for the year was approximately HK0.18 cents (2019: HK1.42 cents). The Central Wealth Group recorded a revenue of approximately HKD670 million for the year ended 31 December 2020, compared to a revenue of approximately HKD948 million for the year ended 31 December 2019.

Central Wealth closed at HKD0.020 as at 31 December 2020 (31 December 2019: HKD0.051).

Huasheng International

Huasheng International and its subsidiaries (the "**Huasheng International Group**") are principally engaged in (i) production and sales of ready-mixed commercial concrete ("**Concrete Business**"); (ii) wholesale and retail of household consumables ("**Household Consumables Business**"); (iii) provision of money lending services ("**Money Lending Business**"); and (iv) provision of educational technology solutions through online education programs and provision of English language proficiency tests ("**Education Business**"). The Huasheng International Group was also engaged in (i) design and development of three-dimensional animations, augmented reality technology application and e-learning web application ("**Digital Technology Business**"); and (ii) provision of coal trading business ("**Coal Business**"), which were disposed of and classified as discontinued operations.

As mentioned in Huasheng International's interim report for the six months ended 30 September 2020, its net profit for the period was approximately HKD9.5 million as compared to approximately HKD13.5 million for the six months ended 30 September 2019. Basic earnings per share for the period was approximately HK0.288 cents (30 September 2019: HK0.541 cents).

Huasheng International closed at HKD0.810 as at 31 December 2020 (31 December 2019: HKD0.53).

Dongwu Cement

Dongwu Cement and its subsidiaries (the "**Dongwu Cement Group**") was principally engaged in the production and sales of cement, and provision of sewage and sludge treatment operation and construction services.

As mentioned in Dongwu Cement's annual result announcement for the year ended 31 December 2020, the profit for the year was approximately RMB50,236,000, representing decrease of approximately 17.2% when compared to the year ended 31 December 2019. Dongwu Cement's basic and diluted earnings per share was RMB0.091 (2019: RMB0.121). The Dongwu Cement Group recorded a revenue of approximately RMB460,970,000 for the year ended 31 December 2020, compared to a revenue of approximately RMB571,150,000 for the year ended 31 December 2019.

As at 31 December 2020, the Group did not hold any Dongwu Cement shares.

HKEx

HKEx together with its subsidiaries (the "**HKEx Group**") own and operate the only stock and futures markets in Hong Kong and clearing houses. It was mentioned in HKEx's annual report for the year ended 31 December 2020, the HKEx Group's total revenue and other income amounted to HKD16.8 billion (2019: HKD13.6 billion) and the profit attributable to shareholders was HKD11.5 billion (2019: HKD9.4 billion) for the year ended 31 December 2020, up 24% and 22% respectively as compared to 2019. The HKEx Group's basic earnings per share was HKD9.11 (2019: HKD7.49) and diluted earnings per share was HKD9.09 (2019: HKD7.47).

HKEx closed at HKD425.00 as at 31 December 2020 (31 December 2019: HKD253.00).

Tencent

Tencent and its subsidiaries (the "**Tencent Group**") are principally engaged in the provision of value-added services and online advertising services to users in the People's Republic of China ("**PRC**"). Its many services include social network, web portals, e-commerce, online/mobile games and provision of payment related services and other services. Tencent is one of the largest internet companies, as well as gaming company in the world. As mentioned in its annual results announcement for the year ended 31 December 2020, the Tencent Group recorded a revenue of approximately RMB482,064 million for the year (2019: RMB377,289 million). The profit attributable to its equity holders for the year ended 31 December 2020 was approximately RMB159,847 million (2019: RMB93,310 million). Basic and diluted earnings per share for the year ended 31 December 2020 were approximately RMB16.844 (2019: RMB9.856) and approximately RMB16.523 (2019: RMB9.643) respectively.

As at 31 December 2020, the Group did not hold any Tencent shares.

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 year ended 31 December 2020, Globally Finance generated revenue of approximately HKD22,985,000 (2019: HKD28,174,000) and recorded a profit of approximately HKD21,684,000 (2019: HKD32,726,000). During the year ended 31 December 2020, the Group assessed and estimated credit loss allowances for loan and interest receivables according to the requirements of Hong Kong Financial Reporting Standard ("**HKFRS**") 9 issued by the Hong Kong Institute of Certified Public Accountants. Based on the result of credit assessment on debtors, the credit loss allowances as at 31 December 2020 was approximately HKD21,710,000 (2019: HKD20,277,000), and a provision for credit loss allowances for debtors of approximately HKD1,433,000 was charged to consolidated profit or loss for the year ended 31 December 2020 (2019: reversal of provision for credit loss allowance of HKD6,740,000 was credited).

Investment in film industry

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

Date of agreement	Film project	Investment/ Advancement amount	Annual interest rate	Investment return	Carrying amount of investment as at 31.12.2020 (as at 31.12.2019) HKD	Category
11.10.2017	Two Days 《兩天》	USD487,500	12%	Nil	5,243,000 (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 year ended 31 December 2020, China Wisdom recorded interest income of approximately HKD476,000 (2019: HKD1,329,000) and a loss of approximately HKD185,000 (2019: profit of approximately HKD1,128,000) from the segment of investment in film industry. The decrease in revenue and profit was due to the amount of loan from film investment decreased during the year.

Trading business and related services

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

Facing the outbreak of the novel coronavirus (COVID-19) pandemic, the Group has ordered mask production lines and commenced mask production in April 2020. The Group has also engaged an independent third party for mask production on an OEM basis. However, with the alleviation of the COVID-19 outbreak since late April 2020 with the free distribution of protective masks (CuMask) by the Hong Kong government, having taken into consideration of the reduction in demand and needs, the Group has ceased its own local mask production and disposed the relevant subsidiary in May 2020 in order to control costs and expenses but retained its OEM mask production in order to keep flexibility. The disposal was completed on 14 May 2020 and the Group recorded a gain on disposal of approximately HKD755,000. In addition, Sky Faith International Investment Limited, a wholly-owned subsidiary of the Company has been, on an exclusive basis, authorised and appointed as the Hong Kong Exclusive Authorisation Distributor (excluding Mainland China) of Wenzhou OJA Biotechnology Co., Ltd. (also known as OJABIO) for (1) COVID-19 Antigen Test Kits; and (2) Real-time PCR Test Kits for COVID-19 (together as the "**Test Kits**") for a term of three years from 25 November 2020. The Test Kits are effective and efficient detection kits for qualitative determination of the presence of the COVID-19 in human body and can provide affordable "early diagnosis" solution for the society. Relevant certifications have also been obtained for the Test Kits. During the year ended 31 December 2020, the mask and Test Kits 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 HKD3,984,000 was generated (2019: Nil) and a profit before income tax of approximately HKD1,037,000 (2019: Nil) was recorded during the year ended 31 December 2020.

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. The revenue of approximately HKD8,223,000 was generated during the year ended 31 December 2020.

In order to diversify the trading product, the Group developed well-known anime product. The product covered home and automobile related products. The revenue for anime products of approximately HKD947,000 was generated during the year ended 31 December 2020.

During the year ended 31 December 2020, revenue of approximately HKD13,154,000 was generated (2019: HKD44,012,000) and a loss of approximately HKD7,475,000 (2019: HKD8,709,000) 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 year ended 31 December 2020, no revenue (2019: Nil) was generated and no profit or loss was incurred (2019: loss of HKD646,000) for the segment of e-commerce business. The Group will continue to look for any potential opportunity in the e-commerce business.

FINANCIAL REVIEW

Liquidity, financial resources and funding

During the year ended 31 December 2020, the Group mainly financed its operations by cash generated from operation, rights issue and bank borrowings. The Group had total pledged bank deposits and cash and bank balances of approximately HKD12,491,000 as at 31 December 2020 (2019: HKD12,396,000). The Group had total borrowings of approximately HKD448,718,000 (2019: HKD485,430,000) are comprised of bank borrowings of approximately HKD305,009,000 (2019: HKD312,369,000) and other borrowings of approximately HKD143,709,000 (2019: HKD173,061,000) as at 31 December 2020.

Among bank borrowings, approximately HKD89,489,000 are repayable within one year, HKD9,849,000 are repayable over one year but not exceeding two years, HKD30,797,000 are repayable over two years but not exceeding five years and HKD174,874,000 are repayable over five years. The bank borrowings bear interest at the bank's HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) or 2.5% per annum over HIBOR (1 week to 1 month).

The other borrowings are comprised of margin loans and revolving loan. The margin loan payables bear fixed interest ranging from 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 the bank's HKD Prime Rate – 2% per annum. Details are set out in Note 31 to the consolidated financial statements.

The gearing ratio, which is calculated as total borrowings divided by total equity, was 47.07% (2019: 51.96%) as at 31 December 2020. Net assets were approximately HKD953,233,000 (2019: HKD934,195,000) on the same date.

As at 31 December 2020, the Group has total current assets of approximately HKD154,417,000 (2019: HKD355,242,000) and total current liabilities of approximately HKD533,162,000 (2019: HKD500,770,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 0.29 as at 31 December 2020 (2019: 0.71). The decrease in current assets and current ratio was mainly due to the Group and Central Wealth entered into a supplemental loan agreement during the year ended 31 December 2020, pursuant to which Group has granted an aggregate irrevocable loan facility of HKD270,000,000 to Central Wealth with effect from 1 January 2021 and the maturity date of these loans would be extended to 31 December 2023, and the loan receivable was reclassified as non-current assets. Further details of the extension of the loan facility are set out in the Company's announcement dated 7 October 2020 and the Company's circular dated 25 November 2020.

The Group's finance costs for the year was approximately HKD21,132,000 (2019: HKD26,856,000) and was mainly related to interests paid on the bank borrowings and margin loans. The decrease in finance cost was due to the total borrowings decrease during the year.

Pledge of assets

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

As at 31 December 2020, the Group had pledged an investment property with carrying amount of HKD283,000,000 (2019: HKD285,000,000) and the securities investment under FVTOCI of approximately HKD209,397,000 (2019: pledged the securities investment under FVTOCI of approximately HKD270,627,000 and the securities investment under FVTPL of approximately HKD26,350,000) to secure the other borrowings.

As at 31 December 2020, a bank deposit in amount of EUR35,000 (2019: EUR160,000) in equivalent to HKD336,000 (2019: HKD1,410,000), has been pledged to a bank for the issuance of a letter of guarantee for trading business.

Foreign currency management

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

Litigations and contingencies

As at 31 December 2020, the Group had no significant litigations and contingencies.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 66 employees situated in Hong Kong and China (2019: 35 employees situated in Hong Kong). The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the year ended 31 December 2020, the total staff costs including remuneration of directors and chief executive amounted to approximately HKD30,703,000 (2019: HKD15,605,000).

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Liang Jian

Mr. Liang, aged 40, has been appointed as an Executive Director, the Chairman of the Board and the Chief Executive Officer of the Company ("**CEO**"). He is the senior vice president of HIT Robot Group and is in charge of the sales and marketing businesses. Mr. Liang has over 16 years of experience in marketing, investment, finance and management sectors. He was an executive Director of Asia Investment Finance Group Limited (stock code: 33), a company listed on the Main Board of the Stock Exchange from 28 November 2018 to 18 December 2018. Mr. Liang obtained a bachelor degree of mechanical design manufacturing and its automation from Harbin Engineering University in 2003 and a master degree in business administration from Tongji University (同濟大學) in the PRC in 2010.

Mr. Yu Zhenzhong

Mr. Yu, aged 41, has been appointed as an Executive Director and the Vice Chairman of the Board on 13 March 2019. He is the senior vice president of HIT Robot Group and focuses on the research and development of robots and artificial intelligence equipment. Mr. Yu obtained a doctoral degree in mechanical and electronic engineering from HIT in 2011. He was awarded the Science and Technology Progress Award (中國商業聯合會科技進步獎) from the China General Chamber of Commerce in 2017, the Innovation Award (中國產學研合作創新獎) from the China Industry-University-Research Institute Collaboration Association in 2017 and 合肥市創新領軍人才稱號 in 2018, respectively.

Mr. Cai Linzhan

Mr. Cai, aged 34, has been appointed as an Executive Director in June 2017. He was the CEO from 24 June 2017 to 5 October 2017 and from 24 December 2018 to 12 March 2019 respectively. He is also the Chief Strategy Officer (Film Production) of a wholly owned subsidiary of the Company since August 2016. Mr. Cai graduated from a junior college program of International Economics and Trade (國際經濟與貿易) in South China Institute of Software Engineering, Guangzhou University (廣州大學華軟軟件學院) in 2009. He held management positions with various real estate companies and has many years of experience in property development. He is now serving as the deputy general manager of a real estate developer in the PRC.

Mr. Lau Fai Lawrence

Mr. Lau, aged 49, has been appointed as an Executive Director in January 2014. He is currently a practicing certified public accountant in Hong Kong and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom ("**ACCA**"). Mr. Lau graduated from The University of Hong Kong with a bachelor's degree in business administration in 1994 and obtained a master's degree in corporate finance from Hong Kong Polytechnic University in 2007. Mr. Lau is currently the company secretary of BBMG Corporation (stock code: 2009) and HM International Holdings Limited (stock code: 8416) and an independent non-executive director of Artini Holdings Limited (stock code: 789), Titan Petrochemicals Group Limited (stock code: 1192), HKBridge Renco Holdings Group Limited (stock code: 2323, formerly known as HKBridge Financial Holdings Limited), China Energine International (Holdings) Limited (stock code: 1185), all of above are listed on the Main Board of the Stock Exchange and an independent non-executive director of Sinopharm Tech Holdings Limited (stock code: 8156), which is listed on GEM of the Stock Exchange; and an independent non-executive director of Sinopharm Tech Holdings Limited (stock code: 8156), a company listed on GEM of the Stock Exchange. He was a non-executive director of Alltronics Holdings Limited (stock code: 833) between March 2017 and December 2018, a company listed on the Main Board of the Stock Exchange. He was an independent non-executive director of Winto Group (Holdings) Limited (stock code: 8238) from April to November 2019, a company listed on GEM of the Stock Exchange and an independent non-executive director of Tenwow International Holdings Limited (stock code: 1219 and a company listed on the Main Board of the Stock Exchange) from November 2018 to November 2020.

Mr. Siu Yun Fat

Mr. Siu, aged 38, has been appointed as an Executive Director in January 2014. He was the Chairman of the Board from 24 November 2015 to 12 March 2019. He was the CEO during the period from 10 October 2014 to 19 September 2016. Mr. Siu obtained a Bachelor of Arts (Honours) degree in Accountancy from the Hong Kong Polytechnic University in 2004. He is a member of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and a member of ACCA. Mr. Siu has over ten years of experience in auditing, accounting and financial management. He served in various position of local and international accounting firms and securities companies.

Mr. Wang Fei

Mr. Wang, aged 39, has been appointed as an Executive Director and the Chairman of the Board on 13 March 2019. He was a vice chairman and a non-independent director of Jiangsu Hagong Intelligent Robot Co., Ltd. (江蘇哈工智能機器人股份有限公司) ("**HGZN**") (stock code: 000584.SZ), an artificial intelligence equipment manufacturing company listed on the Shenzhen Stock Exchange in the PRC until June 2019. He is concurrently serving as the chairman of the HIT Robot Group, an enterprise jointly set up by Heilongjiang provincial government, the municipal government of Harbin and Harbin Institute of Technology engaging in the design, development, manufacturing and sales of robots. Mr. Wang is a member of the 13th Heilongjiang Provincial People's Congress (黑龍江省第十三屆人民代表大會). Mr. Wang has extensive experience in the mechanical and electronic engineering industry. He obtained a bachelor degree of mechanical engineering, mechanical design manufacturing and its automation in 2003, a master degree in 2006 and a doctoral degree in 2008, both majoring in mechanical and electronic engineering from Harbin Institute of Technology ("**HIT**") (哈爾濱工業大學). His achievement in the industry was widely recognised and was awarded the Ninth China Youth Entrepreneurship Award (第九屆中國青年創業獎) in 2017, the 12th Heilongjiang Model Worker Award (黑龍江省第十二屆勞動模範) in 2017 and the National Innovation Award (全國創新爭先獎) in 2017, respectively.

Mr. Yu Qingrui

Mr. Yu, aged 49, has been appointed as an Executive Director in September 2014. Mr. Yu specialises in property investment and trading business in the PRC. After graduating from high-school in 1989, Mr. Yu joined the shipping and trading business in the PRC. He was the general manager of a shipping company before he became a private investor in 2003. In 2011, Mr. Yu joined a marketing and management firm in Shanghai and served as their property investment manager. He is currently an executive director of Central Wealth which has an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "**SFO**").

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Pei

Mr. Chen, aged 37, has been appointed as an Independent Non-executive Director on 13 March 2019. He is currently serving as a non-independent director and the vice general manager of HGZN, and is responsible for corporate finance, financial audit, industrial integration and capital operation. He is currently pursuing an EMBA degree at the China Europe International Business School (中歐國際工商學院).

Biographical Details of Directors and Senior Management

Mr. Siu Siu Ling, Robert

Mr. Siu, aged 68, has been appointed as an Independent Non-executive Director, a member of the Audit Committee and Remuneration Committee of the Board in November 2011. He has also been appointed as a member of the Nomination Committee of the Board in March 2012 and the chairman of the Remuneration Committee in June 2017. Mr. Siu is the sole proprietor of the firm, Messrs. Robert Siu & Co., Solicitors. Mr. Siu holds a bachelor's degree in laws from the University of London and a postgraduate certificate in laws from The University of Hong Kong. He also holds a Master of Laws from the University of Greenwich, United Kingdom. He has been admitted as a solicitor in Hong Kong since 1992 and has been admitted as a solicitor in England and Wales since 1993. His legal practice is mainly in the field of commercial and corporate finance. Mr. Siu is currently an independent non-executive director of Finet Group Limited (stock code: 8317), a company listed on the Growth Enterprise Market of the Stock Exchange, and China Saite Group Company Limited (stock code: 153), a company listed on Main Board of the Stock Exchange. He was also an independent non-executive director of Skyway Securities Group Limited (now known as CMBC Capital). He has retired as an independent non-executive director of Kaisun Holdings Limited (stock code: 8203) in December 2020, a company listed on the Growth Enterprise Market of the Stock Exchange.

Mr. Tam Tak Wah

Mr. Tam, aged 55, has been appointed as an Independent Non-executive Director, a member of the Audit Committee and Remuneration Committee of the Board in November 2011. He has also been appointed as a member of the Nomination Committee of the Board in March 2012, the chairman of the Audit Committee in February 2013 and the chairman of the Nomination Committee in June 2017 respectively. Mr. Tam is a fellow member of HKICPA and a fellow member of ACCA. He has over 25 years of experience in accounting, corporate finance and corporate development. Mr. Tam is currently a non-executive director of Kingbo Strike Limited (stock code: 1421), a company listed on the Main Board of the Stock Exchange. He 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.

Mr. Wang Ning

Mr. Wang, aged 43, has been appointed as an Independent Non-executive Director in November 2019. He serves as an associate professor in the College of Automotive Studies, Tongji University (同濟大學汽車學院) in the PRC since December 2012. Mr. Wang obtained a doctoral degree in Management Science Engineering (管理科學工程) from Tongji University in 2006. He was a visiting scholar in The University of California, Davis for one year since August 2018.

Mr. Zheng Zongjia

Mr. Zheng, aged 58, has been appointed as an Independent Non-executive Director, a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Board in March 2018. Mr. Zheng graduated from the Shantou Polytechnic (汕頭職業技術學院), Shantou, the PRC, specialising in Construction Engineering and Project Cost (建築工程和工程造價). Mr. Zheng has extensive experience in the field of real estate development in the PRC.

SENIOR MANAGEMENT

Mr. Chen Liang

Mr. Chen, aged 36, is responsible for financing and mergers and acquisitions. He is studying for an MBA degree from Shandong University. Mr. Chen worked for ABN AMRO, Minsheng Bank, and China Industrial Securities International Financial Group Limited. He has extensive experience in corporate due diligence, investment and financing, has played a leading role in various financial products and investment and financing instruments, and is familiar with domestic and overseas investment environments and capital markets operation. He has established long-term business relationship with various domestic and overseas banks, securities firms, fund companies, and listed companies.

Mr. Jin Yunlong

Mr. Jin, aged 57, has been appointed as director of Hefei Hagong Welding Research Weida Automation Technology Co., Ltd. and Hefei Hagong Guangtai CNC Technology Co., Ltd., subsidiaries of the Company. Mr. Jin is responsible for the intelligent industrial welding robots and equipment business of the Group. Mr. Jin is an engineer and obtained a bachelor's degree of automatic control from Harbin University of Science and Technology. He has over 30 years of experience in welding business and research. Mr. Jin is currently a standing director of China Electric Industry Association Welding Machine Branch and director of China Welding Association.

Mr. Leung King Chung

Mr. Leung, aged 44, has been appointed as an Executive Director of FW Securities, a wholly-owned subsidiary of the Company. He holds a bachelor's degree in finance from State University of New York at Old Westbury. He has 10 years experienced in securities field. He had experienced in various position in different department as dealer, account executive, settlement and responsible officer. He holds licensed with SFC type 1 and type 4 regulated activities.

Mr. Qiao Junjie

Mr. Qiao, aged 61, has been appointed a general manager of Hefei Hagong Weida Intelligent Equipment Co., Ltd., Hefei Hagong Welding Research Weida Automation Technology Co., Ltd. and Hefei Hagong Guangtai CNC Technology Co., Ltd., subsidiaries of the Company. Mr. Qiao graduated from Lanzhou University of Technology, majoring in welding technology and equipment, and is a senior welding engineer. He has over 30 years of experience in welding business. Mr. Jin is currently an executive director of the China Welding Association, the vice-chairman of the Welding Equipment Branch of the China Welding Association, and the vice-chairman of the Electric Welding Machine Branch of the China Electrical Equipment Industry Association.

Report of the Directors

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

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".

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding. Its subsidiaries are principally engaged in (i) high technology business; (ii) securities trading and investment; (iii) provision of financing services; (iv) property investment; (v) investment in film industry; (vi) trading business and related services and (vii) licensing of e-commerce platform, details of which are set out in Note 42 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 61 to 62.

DIVIDEND

No interim dividend was paid to the shareholders of the Company during the year (2019: Nil).

The Board does not recommend the payment of a final dividend for the year (2019: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 162. This summary does not form part of the audited consolidated financial statements.

BUSINESS REVIEW

A fair review of the Group's business and a discussion and analysis of the Group's performance during the year including the material factors underlying its results and financial position and the likely future developments of its business, as required by Schedule 5 of the Company Ordinance, is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. An analysis of the Group's performance using financial key performance indicators is provided in the section headed "Financial Review" of the "Management Discussion and Analysis" of this annual report.

Principal risks and Uncertainties

The Company has identified principal risks and uncertainties that the Group faces with respect to economic risks, operational risks, regulatory risks, financial risks, and specific risks related to the Group's corporate structure. The Group's business, future results of operations and future prospects could be materially and adversely affected by those risks and uncertainties. The following highlights the principal risks and uncertainties of the Group and it is not meant to be exhaustive. There may be other risks and uncertainties which are not known to the Group or which may not be material now but turn out to be material in the future.

Economic Risks

- A severe or prolonged downturn of economy.
- Negative effect on our operational, financing or investing activities due to inflation, fluctuations of interest rates and other measures relating to financial policies.

Operational Risks

- Failure to compete in the competitive environment which the Group operates in.

Financial Risk

- Details of financial risk are set out in Note 45 to the consolidated financial statements.

Capital Risk

- Details of capital risk are set out in Note 43 to the consolidated financial statements.

Compliance with Relevant Laws and Regulations

During the year, as far as the Directors are aware, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group's business and operations.

Relationships with Stakeholders

Employees are regarded as the most important and valuable assets of the Group. Competitive remuneration packages and a sound performance appraisal system with appropriate incentives are provided and implemented to attract and motivate employees. In addition, to conform to the market standard, the Group regularly reviews the remuneration package of employees and makes necessary adjustments. Moreover, the Group understands the importance of maintaining good relationship with business partners is vital to achieve its long-term goals. Thus, senior management of the Group have kept good communication, promptly exchanged ideas and shared business update with them as and when appropriate. During the year, there was no material and significant dispute between the Group and its business partners.

Environmental Policies

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimise its environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

More information are provided in the Environmental, Social and Governance Report on pages 40 to 54.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year are set out in Notes 16 and 18 to the consolidated financial statements respectively.

SHARE CAPITAL

The share capital of the Company only comprises of ordinary shares. As at 31 December 2020 and the date of this report, the Company had 945,321,858 shares in issue.

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.

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 17 June 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, together with the Supplement 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.

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, of which approximately HKD10.6 million for payment of operating expenses; and approximately HKD2.4 million for payment of professional fees. During the year ended 31 December 2020, the Company had fully utilised the net proceeds as intended.

Details of the Right Issue 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.

Details of movements in the share capital of the Company are set out in Note 32 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and laws of the Cayman Islands.

RESERVES

The Company's reserves available for distribution to shareholders as at 31 December 2020 amounted to approximately HKD866,730,000 (2019: HKD882,472,000).

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 33 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

DONATIONS

Donations for charitable and other purposes made by the Group during the year amounted to HKD200,000 (2019: HKD Nil).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue during the year attributable to the Group's five largest customers was 40.0% of the Group's total revenue, of which 17.5% was made to the largest customer.

The aggregate purchase during the year attributable to the Group's five largest suppliers was 54.2% of the Group's total purchase, of which 30.6% was made to the largest supplier.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's customer or suppliers during the year.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Liang Jian *(Chairman and CEO)*	*(appointed as Chairman on 1 July 2020)*
Mr. Yu Zhenzhong *(Vice Chairman)*	
Mr. Cai Linzhan	
Mr. Lau Fai Lawrence	
Mr. Siu Yun Fat	
Mr. Wang Fei	*(resigned as Chairman on 1 July 2020)*
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

During the year and up to the date of this report, Mr. Liang Jian, Mr. Yu Zhenzhong, Mr. Siu Yun Fat and Mr. Lau Fai Lawrence are also directors of certain of the subsidiaries of the Company.

All Directors appointed by the Board are subject to re-election at the next following general meeting or the next following annual general meeting of the Company after their appointments. In accordance with the Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to, but not less than one-third, shall retire from office by rotation.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in Note 12 to the consolidated financial statements.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 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 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	Total Interest	Percentage of Company's issued share capital
Siu Yun Fat	Beneficial owner	3,440,000	7,109,830 *(Note)*	10,549,830	1.12%
Yu Qingrui	Beneficial owner	2,670,221	7,109,830 *(Note)*	9,780,051	1.03%
Cai Linzhan	Beneficial owner	1,614,457	6,165,168	7,779,625	0.82%
Tam Tak Wah	Beneficial owner	13,367	–	13,367	0.001%

Note: These interests represent options granted to the Directors as beneficial owners under the share option scheme of the Company adopted on 22 February 2012. 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 31 December 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.

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 adoption of Scheme 2012 will not in any event affect the terms of the grant of such outstanding options that has already been granted under the Scheme 2003 and shall continue to be valid and subject to the provisions of Scheme 2003. The remaining life of the Scheme 2012, which will expire on 21 February 2022, is approximately less than 1 year 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 (the "**2020 AGM**") 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.

The movements in share options during the year are listed below:

			Number of share options									
Grantee	**Date of grant**	**Exercise price per shares**	**As at 01.01.2020**	**Granted during the year**	**Exercised during the year**	**Adjustment in relation to the Share Consolidatoin**	**Cancelled during the year before Rights Issue**	**Adjustment in relation to the Rights Issue**	**Cancelled during the year after the Rights Issue**	**As at 31.12.2020**	**Exercise period**	**Vesting date**
Scheme 2012												
Director												
Liang Jian	26.03.2019	2.502 (2019: 0.124)	110,000,000	–	–	(104,500,000)	(5,500,000)	–	–	–	26.03.2019 – 25.03.2021	26.03.2020
	27.03.2020	0.563	–	124,000,000	–	(117,800,000)	(6,200,000)	–	–	–	27.03.2020 – 26.03.2022	27.03.2020
Yu Zhenzhong	26.03.2019	2.502 (2019: 0.124)	110,000,000	–	–	(104,500,000)	(5,500,000)	–	–	–	26.03.2019 – 25.03.2021	26.03.2020
	27.03.2020	0.563	–	124,000,000	–	(117,800,000)	(6,200,000)	–	–	–	27.03.2020 – 26.03.2022	27.03.2020
Siu Yun Fat	26.03.2019	2.502 (2019: 0.124)	19,000,000	–	–	(18,050,000)	–	(5,338)	–	944,662	26.03.2019 – 25.03.2021	26.03.2020
	27.03.2020	0.563	–	124,000,000	–	(117,800,000)	–	(34,832)	–	6,165,168	27.03.2020– 26.03.2022	27.03.2020
Yu Qingrui	26.03.2019	2.502 (2019: 0.124)	19,000,000	–	–	(18,050,000)	–	(5,338)	–	944,662	26.03.2019 – 25.03.2021	26.03.2020
	27.03.2020	0.563	–	124,000,000	–	(117,800,000)	–	(34,832)	–	6,165,168	27.03.2020 – 26.03.2022	27.03.2020
Cai Linzhen	27.03.2020	0.563	–	124,000,000	–	(117,800,000)	–	(34,832)	–	6,165,168	27.03.2020 – 26.03.2022	27.03.2020
Employees												
In aggregate	26.03.2019	2.502 (2019: 0.124)	20,000,000	–	–	(19,000,000)	–	(5,619)	–	994,381	26.03.2019 – 25.03.2021	26.03.2020
	27.03.2020	0.563	–	454,000,000	–	(431,300,000)	–	(127,531)	(16,009,549)	6,562,920	27.03.2020 – 26.03.2022	27.03.2020
Consultants												
In aggregate	26.03.2019	2.502 (2019: 0.124)	440,000,000	–	–	(418,000,000)	–	(123,596)	(19,887,640)	1,988,764	26.03.2019 – 25.03.2021	26.03.2020
	06.06.2019	1.605 (2019: 0.0798)	440,000,000	–	–	(418,000,000)	–	(123,596)	(18,893,258)	2,983,146	06.06.2019 – 05.06.2021	06.06.2020
	27.03.2020	0.563	–	174,000,000	(124,000,000)	(47,500,000)	–	(14,045)	(2,485,955)	–	27.03.2020 – 26.03.2022	27.03.2020
Total			1,158,000,000	1,248,000,000	(124,000,000)	(2,167,900,000)	(23,400,000)	(509,559)	(57,276,402)	32,914,039		

Notes:

1. The number of the outstanding share option and exercise price had been adjusted as a result of the Share Consolidation and the Rights Issue during the year ended 31 December 2020.

2. The closing price of the shares immediately before 26 March 2019 was HKD2.02.

   The closing price of the shares immediately before 6 June 2019 was HKD1.54.

   The closing price of the shares immediately before 27 March 2020 was HKD0.56.

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

As at the date of this report, an aggregate of 32,914,039 shares are issuable for share options granted under the Scheme 2012, representing approximately 3.48% of the total number of issued shares of the Company. The weighted average remaining contractual life of these outstanding share options is approximately 1.01 years (31 December 2019: 1.31 years).

Further details of the share option schemes of the Company are set out in Note 34(a) to the consolidated financial statements.

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 Scheme Award Scheme has been refreshed at the annual general meeting of the Company 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 year, 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 year (2019: Nil).

As at 31 December 2020, no shares of the Company were held by the trustee of the Share Award Scheme (31 December 2019: Nil).

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the sections "Share Option Scheme" and "Share Award Scheme" above and Note 34 "Share Option Scheme/Equity Settled Share-based Transactions" to the consolidated financial statements, at no time during the year was the Company, its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 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
HIT Robot Group *(Note 1)*	Interest of controlled corporations	189,080,000	20.00%
HIT Robotics Group Shanghai Technology Service Co., Ltd. (哈工大機器人集團上海科技服務有限公司) ("**HIT Robotics Shanghai**") *(Note 2)*	Interest of controlled corporations	189,080,000	20.00%
HRG Robotics International Limited ("**HRG Robotics**")	Beneficial owner	189,080,000	20.00%
Zhang Xiao Jun	Beneficial owner	60,000,000	6.35%

Notes:

1. HIT Robot Group is deemed to be interested in 189,080,000 shares of the Company held by HRG Robotics by virtue of its 100% interests in the share capital of HIT Robotics Shanghai, which in turn holds 100% in the share capital of HRG Robotics.

2. HRG Robotics is wholly-owned by HIT Robotics Shanghai and is deemed to be interested in 189,080,000 shares of the Company held by HRG Robotics under SFO.

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 31 December 2020 as required pursuant to section 336 of the SFO.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

There were no transactions, arrangements or contracts in relation to the Company's businesses, to which the Company or any of the Company's subsidiaries was a party, subsisting at the end of the year or any time during the year, and in which a Director or an entity connected with a Director had, whether directly or indirectly, a material interest, nor there were any other transactions, and a controlling shareholder or any of its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Mr. Yu Qingrui is a director of Central Wealth throughout the year as well as holding 126,845,610 shares in Central Wealth respectively as at 31 December 2020 representing approximately 0.79% of the issued share capital of Central Wealth whose principal activities are securities and futures dealing business, financial investment, property investments and money lending business. The Company and Central Wealth are separate listing entities run by separate and independent management. Mr. Yu cannot personally control the Board and is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, Central Wealth.

During the year and/or up to the date of this report, Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah held directorships in companies engaged in the businesses of securities trading and investment, provision of financing services and investment in properties and Mr. Liang Jian, Mr. Yu Zhenzhong, Mr. Wang Fei and Mr. Chen Pei held directorships in companies engaged in high technology business. The aforesaid companies have been operating under separate and independent managements. None of the above-mentioned Directors can personally control the Board and each of them is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

Save as disclosed above, none of the Directors has any interests in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group that are required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

COMPETING BUSINESS

During the year and/or up to the date of this Report, the HIT Robot Group, which is interested in approximately 20% of the issued share capital of the Company and thus a substantial shareholder of the Company, is principally engaged in the design, development, manufacturing and sales of robots and specializes in robotics industry and related businesses. The HIT Robot Group has been operating independently from the Group. Moreover, the HIT Robot Group is a global strategic partner of the Company. Therefore, the Group is capable of carrying on its businesses independently of and at arm's length from the business of the HIT Robot Group.

As at 31 December 2020, save as disclosed above, none of the substantial shareholders of the Company or any of their associates has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interests with the Group.

CONTINUING CONNECTED TRANSACTIONS

Since December 2015, Central Wealth Securities Investment Limited (the "**CWSI**") has been providing brokerage services and margin financing to Golden Horse Hong Kong Investment Limited, a direct wholly-owned subsidiary of the Company, from time to time.

On 9 September 2017, Globally Finance as lender and Central Wealth as borrower entered into a loan agreement (the "**Loan Agreement**"), pursuant to which Globally Finance agreed to grant a loan facility to Central Wealth for a term of three years which was amended and supplemented by a supplemental loan agreement on 19 September 2017.

On 25 April 2018, (i) the Company and CWSI entered into a master services agreement (the "**Master Services Agreement**") in relation to the provision of brokerage services for trading of securities, futures and options contracts in Hong Kong and/or any other overseas exchanges, the granting of margin facilities and corporate finance services in relation to possible fundraising activities of the Group, including but not limited to acting as placing agent or underwriter for the securities of the Company by CWSI to the Group on an ongoing and non-exclusive basis; and (ii) Globally Finance and Central Wealth entered into a supplemental loan agreement to further increase the facility amount up to HKD270,000,000 and extend the availability period of the loan facility to 31 December 2020.

Since completion of the acquisition of the entire issued share capital of Goodview on 25 April 2018, Central Wealth has become a substantial shareholder of the Company. Hence, each of Central Wealth and its associates, including CWSI, is a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions contemplated under the Master Services Agreement and the Loan Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules (the "**CCT**"). As the applicable percentage ratios of the proposed annual caps for the transactions under the Master Services Agreement and the Loan Agreement exceed 5%, the CCT are subject to the approval by the independent shareholders of the Company. The CCT was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 6 August 2018. For more information, please refer to the Company's announcements on 25 April 2018, 29 June 2018 and 6 August 2018 and the circular dated 16 July 2018.

The annual caps of the Master Services Agreement and the Loan Agreement are as follows:

Master Services Agreement

	6 August 2018 to 31 December 2018 HKD	**1 January 2019 to 31 December 2019** HKD	**1 January 2020 to 31 December 2020** HKD
Brokerage Fees	1,180,000	2,900,000	2,900,000
Maximum outstanding amount of the Margin Financing	100,000,000	100,000,000	100,000,000
Maximum interest amount of the Margin Financing	3,250,000	8,000,000	8,000,000
Service Fees	8,110,000	20,000,000	20,000,000
Total annual caps	112,540,000	130,900,000	130,900,000

Loan Agreement

	6 August 2018 to 31 December 2018 HKD	1 January 2019 to 31 December 2019 HKD	1 January 2020 to 31 December 2020 HKD
Maximum principal amount outstanding	270,000,000	270,000,000	270,000,000
Maximum interest amount	8,760,000	21,600,000	21,600,000
Total annual caps	278,760,000	291,600,000	291,600,000

The Independent Non-executive Directors of the Company have reviewed the CCT and confirmed that the transactions have been entered into by the Group in the ordinary and usual course of business of the Group, on normal commercial terms, and in accordance with the relevant agreement governing such transaction on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Since 17 July 2019, the shareholding of the Company held by Central Wealth was less than 10% of the issued share capital of the Company. Hence, Central Wealth ceased to be a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Master Services Agreement and the Loan Agreement ceased to be continuing connected transactions of the Company from 18 July 2019.

During the year ended 31 December 2020, the Company has not conducted any continuing connected transactions with its connected persons or the associates of the connected persons which are required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules.

RELATED AND CONNECTED PARTY TRANSACTIONS

Details of material related party transactions for the year are set out in Note 40 to the consolidated financial statements.

Save as disclosed herein, the Company has not entered into other transactions with its connected parties which are required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in so far as they are applicable.

EMOLUMENT POLICY

The Group remunerates its employees based on their performance, experience and prevailing market rate. Other employee benefits included provident fund scheme, share option scheme, share award scheme as well as discretionary bonuses. The determination of emoluments of the Directors had taken into consideration of their respective experience, responsibilities in the Company and the prevailing market conditions.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during 2020.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received the annual confirmation of independence from each of the Independence Non-executive Directors as required under Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors are independent.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, every Director shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, damages and expenses which he/she may sustain or incur or about the execution and discharge of his duties or in relation thereto. The Company has arranged appropriate Directors' and Officers' liability insurance coverage for the Directors and officers of the Company during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued ordinary share capital was held by the public as at the date of this report.

EVENTS AFTER THE END OF REPORTING PERIOD

The Group had no material events after the end of reporting period.

AUDIT COMMITTEE

The Audit Committee of the Company has met the external auditor of the Company and reviewed the audited consolidated financial statements of the Company for the year.

AUDITOR

Moore Stephens CPA Limited, the auditor of the Company, will retire and a resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Liang Jian
Chairman

Hong Kong, 30 March 2021

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintain high standards of corporate governance practices at all times. The Board believes that good corporate governance helps the Company to safeguard the interests of its shareholders and to enhance the performance of the Group.

The Company has complied with all code provisions of the Corporate Governance Code (the "**CG Code**") during the year ended 31 December 2020 as set out in Appendix 14 of the Listing Rules except for the following deviations:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer ("**CEO**") should be separate people and should not be performed by the same individual. Following the resignation as chairman of Mr. Wang Fei, Mr. Liang Jian has been appointed as the chairman of the Company with effect from 1 July 2020. The roles of the chairman and the chief executive officer of the Company are not separate and both are performed by Mr. Liang Jian from 1 July 2020. The Board considers that this structure will not impair the balance of the power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management, who are in charge of different functions complement the roles of chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently. The Board understands the importance of complying with the code provision A.2.1 of the Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate person will be nominated to take up the different roles of chairman and chief executive officer.

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

BOARD OF DIRECTORS

As at 31 December 2020, the Board comprised twelve Directors, seven of which are Executive Directors, namely Mr. Liang Jian, Mr. Yu Zhenzhong, Mr. Cai Linzhan, Mr. Lau Fai Lawrence, Mr. Siu Yun Fat, Mr. Wang Fei and Mr. Yu Qingrui and five are Independent Non-executive Directors, namely Mr. Chen Pei, Mr. Siu Siu Ling, Robert, Mr. Tam Tak Wah, Mr. Wang Ning and Mr. Zheng Zongjia.

Biographical details of the Directors are set out under the section "Biographical Details of Directors and Senior Management" on pages 14 to 17 of this report. Save as disclosed in the section, to the best knowledge of the Directors, the Board is not aware of any financial, business, family or other material/relevant relationships among members of the Board.

The Board is responsible for the leadership and control of the Group, overseeing the Group's businesses, strategic decisions and performance, evaluating the performance of the Group and supervising the management. In addition, the Board reserves the authority to make final decisions for all major matters of the Company, including internal control and risk management, dividend payout, material transaction, preparation and release of financial information, appointment of Directors, and other significant financial matters. The Board is also responsible for performing the corporate governance duties set out in code provision D.3.1 of the CG Code. In order to enhance efficiency, the Board has delegated the day-to-day responsibilities and operations to the executive Directors and senior management.

ATTENDANCE OF DIRECTORS AND COMMITTEE MEMBERS

The following table summaries the attendance by individual Director and committee member at meetings in 2020:

	Board meetings attended/held	Number of Audit Committee's meetings attended/held	Number of Remuneration Committee's meetings attended/held	Number of Nomination Committee's meetings attended/held	Number of general meetings attended/held	Number of extraordinary general meetings attended/held
Executive Directors						
Mr. Liang Jian	5/13	–	–	–	1/1	3/3
Mr. Yu Zhenzhong	5/13	–	–	–	1/1	3/3
Mr. Cai Linzhan	8/13	–	–	–	1/1	3/3
Mr. Siu Yun Fat	13/13	–	–	–	1/1	3/3
Mr. Lau Fai Lawrence	13/13	–	–	–	1/1	3/3
Mr. Wang Fei	4/13	–	–	–	1/1	3/3
Mr. Yu Qingrui	11/13	–	–	–	1/1	3/3
Independent Non-Executive Directors						
Mr. Chen Pei	5/13	–	–	–	1/1	3/3
Mr. Siu Siu Ling, Robert	5/13	2/2	1/1	1/1	1/1	3/3
Mr. Tam Tak Wah	5/13	2/2	1/1	1/1	1/1	3/3
Mr. Wang Ning	4/13	–	–	–	1/1	3/3
Mr. Zheng Zongjia	6/13	2/2	1/1	1/1	1/1	3/3

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Following the resignation as chairman of Mr. Wang Fei on 1 July 2020, Mr. Liang Jian has appointed as the chairman of the Company with effective from 1 July 2020. From 1 July 2020, the role and the duties of chairman and CEO were performed by Mr. Liang Jian.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Independent Non-executive Directors are appointed with no specific term.

At all times during the year ended 31 December 2020, the Company has complied with the requirements under Rule 3.10 and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors, representing at least one third of the Board and with at least one of them possessing appropriate professional accounting and financial management expertise required under the Listing Rules.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors are independent in accordance with the independence guidelines set out in the Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The appointment of a new Director is made on the recommendation of the Nomination Committee and the Board and by the shareholders of the Company in a general meeting.

All Directors appointed by the Board are subject to re-election at the next following general meeting or the next following annual general meeting of the Company after their appointments. All Directors, including the Independent Non-executive Directors shall retire from office by rotation at least once every three years as referred to in the Company's Articles of Association which provides that at each annual general meeting one third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation.

DIRECTORS' TRAININGS

Induction package are provided to newly appointed Director to ensure that each Director is familiar with the role of the Board, the legal and other duties and responsibilities as Director as well as the business and corporate governance practices of the Group. According to the code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All existing Directors have provided a record of training they received during the year to the Company, which includes attending seminars, reading various materials regarding directors' responsibilities, updates on the Listing Rules and corporate governance policy, etc.

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee with defined terms of reference (available on the websites of the Company and the Stock Exchange), which are of no less exacting terms than those set out in the code provisions of the CG Code.

Audit Committee

The Audit Committee was established on 1 November 2011 and currently consisted of three Independent Non-executive Directors: Mr. Tam Tak Wah (Chairman), Mr. Siu Siu Ling, Robert and Mr. Zheng Zongjia. Mr. Tam Tak Wah and Mr. Siu Siu Ling, Robert are possessing the appropriate professional accounting and financial management expertise as required under the Listing Rules.

The major roles and functions of the Audit Committee are:

1. to make recommendation to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of auditor;

2. to discuss with the external auditor before the audit commences, the nature and scope of the audit;

3. to review the interim and annual financial statements before submission to the Board;

4. to discuss problems and reservations arising from the review of interim results and audit of final results, and any matters the external auditor may wish to discuss; and

5. to review the Company's financial reporting, financial controls, risk management and internal control systems.

During the year, the Audit Committee held two meetings. At the meetings, the Audit Committee has met the external auditors and reviewed the audited financial statements for the financial year ended 31 December 2019 and the interim report for the six months ended 30 June 2020 with senior management. The Audit Committee has also reviewed the Group's accounting policies and practices, the Listing Rules and statutory compliance, risk management, internal controls and financial reporting matters. It keeps under review the independence and objectivity of the Company's external auditors and the non-audit services provided by the Company's external auditors to the Group.

Remuneration Committee

The Remuneration Committee was established on 1 November 2011 and currently consisted of three Independent Non-executive Directors: Mr. Siu Siu Ling, Robert (Chairman), Mr. Tam Tak Wah and Mr. Zheng Zongjia.

The major roles and functions of the Remuneration Committee are as follows:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of the directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; and

2. to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

During the year, the Remuneration Committee held one meeting and resolved by resolutions in writing to review and approve the remuneration policy and the remuneration packages of the Directors and senior management. No Director is involved in deciding his own remuneration.

Nomination Committee

The Nomination Committee was established on 20 March 2012 and currently consisted of three Independent Non-executive Directors: Mr. Tam Tak Wah (Chairman), Mr. Siu Siu Ling, Robert and Mr. Zheng Zongjia.

The major roles and functions of the Nomination Committee are as follows:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

3. to assess the independence of independent non-executive directors; and

4. to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors.

During the year, the Nomination Committee held one meeting and resolved by resolutions in writing to review the structure, size, composition and diversity of the Board and the qualifications for all directors and senior management of the Group; assess the independence of the independent non-executive directors; identify and recommend the appointment of new director to the Board for approval and nominate the re-appointment of retiring directors to the shareholders of the Company for approval.

Board Diversity Policy

The Board has adopted and amended a board diversity policy on 1 September 2013 and 28 December 2018 respectively which sets out the approach to achieve diversity on the Board. A summary of the policy together with the measurable objectives set for implementing the policy, and the progress made towards achieving those objectives are disclosed below.

(i) Summary of the Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, gender, age, cultural, educational background, professional experience, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

(ii) Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, cultural, educational background, professional experience, skills and know-how.

(iii) Monitoring and Reporting

The Nomination Committee will review, as appropriate, to ensure the effectiveness of the Board Diversity Policy and monitor the implementation of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the existing Directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code since their appointment as a Director during the year ended 31 December 2020.

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.

AUDITORS' REMUNERATION

Amounts of approximately HKD900,000 and HKD395,000 in relation to the audit service and non-audit related services respectively provided by the Company's auditor, were charged to the profit or loss for the year ended 31 December 2020. The non-audit services were mainly related to agreed-upon procedures on interim results, and acting as the reporting accountant for various circulars and prospectus of the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

Up to the date of this report, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, the Company's compliance with the CG Code and the disclosures in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROL

Goals and objectives

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk management policy has been established to formalise the risk management of the Group, to build up a standard and effective risk management system, improve the ability of risk prevention, so as to ensure the Group is operating in a safety and steady environment, the operation management level could be increased and the Group's operational strategy and target could be achieved. The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

Main features of the risk management and internal control systems

To ensure the efficient and effective operation of the business and operations, relevant internal control procedures have been set up for safeguarding assets against unauthorised use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. These procedures are monitored and reviewed from time to time and updated where necessary.

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification

- Identifies risks that may potentially affect the key processes of the Group's business and operations.

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact on the business and the likelihood of their occurrence.

Risk Response

- Prioritises the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

The Group has an internal audit function as required under the code provision C.2.5 of the CG Code. An independent professional adviser has been engaged to conduct an annual review of the effectiveness of the risk management and internal control systems for the Group. For the year ended 31 December 2020, the scope of review included corporate governance cycle for the Group, and revenue cycle and purchase cycle for two of the subsidiaries with a principal activities of high technology. Major findings and areas for improvement have been reported to the Audit Committee and the Board. All recommendations would be followed up closely by the management of the Group to ensure that they are implemented within a reasonable period of time. The Group therefore considered that its risk management and internal control processes are adequate to meet the needs of the Group in its current business environment and nothing has come to its attention to cause the Board to believe the Group's risk management and internal control systems are inadequate.

DIVIDEND POLICY

The Board has adopted a dividend policy on 28 December 2018 which sets out the principles and guidelines of the Company in relation to the distribution of dividend to its shareholders. The Company will distribute dividends subject to the distributable profits in the financial statements prepared in accordance with the Company Law of Cayman Islands, HKFRSs and Hong Kong Accounting Standards and also to the provisions of the Company's Memorandum and Articles of Associations as well as all applicable laws.

When considering the payment of any dividends, the Board will take into account of the financial results, shareholders' interests, general business conditions and strategies, capital requirements, contractual restrictions on the payment of dividends by the Company to its shareholders or by its subsidiaries to the Company, taxation consideration, possible effects on the Company's creditworthiness, statutory and regulatory restrictions and any other factors may deem relevant. The Board will review the dividend policy of the Company as appropriate from time to time.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements. The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

SHAREHOLDERS' RIGHTS

One or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings can convene an extraordinary general meeting pursuant to Article 64 of the Company's Articles of Association. For proposing resolution at the general meeting, shareholders should submit it in writing to the Directors or the Company Secretary with details. The Board welcomes views and questions from the shareholders who may at any time send their enquiries and concerns to the Board by addressing them to Company Secretary by post to Unit 3711, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong or by fax number: (852) 2311-7738. In addition, the Group maintains its own website at which the shareholders can access to for the Company's information and communication with the Company.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public.

The Company updates its shareholders on its latest business developments and financial performance through its annual and interim reports, announcements and circulars. The corporate website of the Company (www.fw-holdings.com) has provided an effective communication platform to the public and the shareholders.

CONSTITUTIONAL DOCUMENTS OF THE COMPANY

During the year, the Company has not made any changes to the Company's Memorandum and Articles of Association. An updated version of the Company's Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

INTRODUCTION

The Board is pleased to present the Environmental, Social and Governance report (the "**ESG Report**") of the Group in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Group is committed towards sustainability and understands the importance of sustainable development of its business and community. The ESG Report discloses the Group's policies and practices for its commitment to sustainable development. As a platform for communication with all stakeholders, the ESG Report also makes responses to the major expectations of all stakeholders in efforts to facilitate mutual understandings.

Information relating to the Group's corporate governance practices has been set out in the Corporate Governance Report of this annual report.

The Board acknowledges its responsibilities in preparing and issuing this report, including formulating overall ESG strategy, identifying ESG-related risks, implementing internal controls, supervising stakeholder engagement and materiality assessment and prioritizing matters concerned by our Group and our stakeholders in accordance to their values and importance.

REPORTING PRINCIPLE

Quantitative: In accordance with the "key performance indicators" of the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange, the Group disclosed quantitative indicators in the "environment" category. Quantitative indicators of the "society" category were disclosed to the greatest extent, and will be fully disclosed in the future after the statistical process is gradually optimized.

Balance: This report strives to achieve objective, fair and truthful disclosure and reflection of the Group's achievements and practices in the environment and social fields in 2020, and also the problems encountered and improvement measures with a sense of responsibility.

Consistency: This report follows a consistent range of statistics and the statistics scope of 2020 corresponds with that in 2019.

This report is in compliance with the "Comply or Explain" requirements of the "Environmental, Social and Governance Reporting Guide" set out in Appendix 27 of the listing rules issued by the Hong Kong Stock Exchange.

SCOPE OF REPORT

Unless otherwise specified, the reporting period of this ESG Report focuses its activities which were carried out between the periods from 1 January 2020 to 31 December 2020 (the "**Reporting Period**").

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.

In setting the reporting boundary, the Group took into consideration the impacts which resulted from the major operations in Hong Kong and two new operations located in Yangzhou and Hefei of the People's Republic of China (the "**PRC**").

The information presented in the ESG Report included our Sheung Wan office, two Chai Wan residence flats in Hong Kong and two PRC offices.

STAKEHOLDERS ENGAGEMENT

The Group believes that listening to and understanding the opinions of stakeholders will provide a solid foundation for the sustainable development of the Group. In this regard, the Group actively explores various channels to maintain good communication with stakeholders including but not limited to shareholders, employees, customers, suppliers and business partners, local communities, government and regulatory bodies, to enhance the stakeholders' understanding of the development and operational policies, and to provide more opportunities for them to put forward suggestions so that the Group can provide them with timely and effective feedback regarding their concerns. In this way, the Group ensures that it is cooperating and working alongside stakeholders to achieve mutual benefits.

Stakeholders		Main interests and concerns	Communications Channels
Internal stakeholders	Shareholders	• Return on investments • Information disclosure and transparency • Protection of interests and fair treatment of shareholders	• Shareholders' meetings • Regular reports and Announcements • Official website
	Employees	• Employees' compensation and benefits • Health and safety working environment • Fair employment practices • Career development opportunities	• Internal meetings • Performance assessment • Company activities
External stakeholders	Customers	• High quality products and services • Innovative products and services • Protect the rights of customers	• Business communication • E-mails
	Suppliers and business partners	• Fair and open procurement • Win-win cooperation	• Business communication • E-mails • Annual supplier performance review
	Local communities	• Involvement in communities • Business compliance • Environmental protection awareness • Social welfare	• Official website • Regular reports and Announcements • Charitable and volunteering activities
	Government and regulatory bodies	• Compliance with laws and regulations • Promote regional economic development and employment	• Compliance advisor • Government inspections • Information submission • E-mails

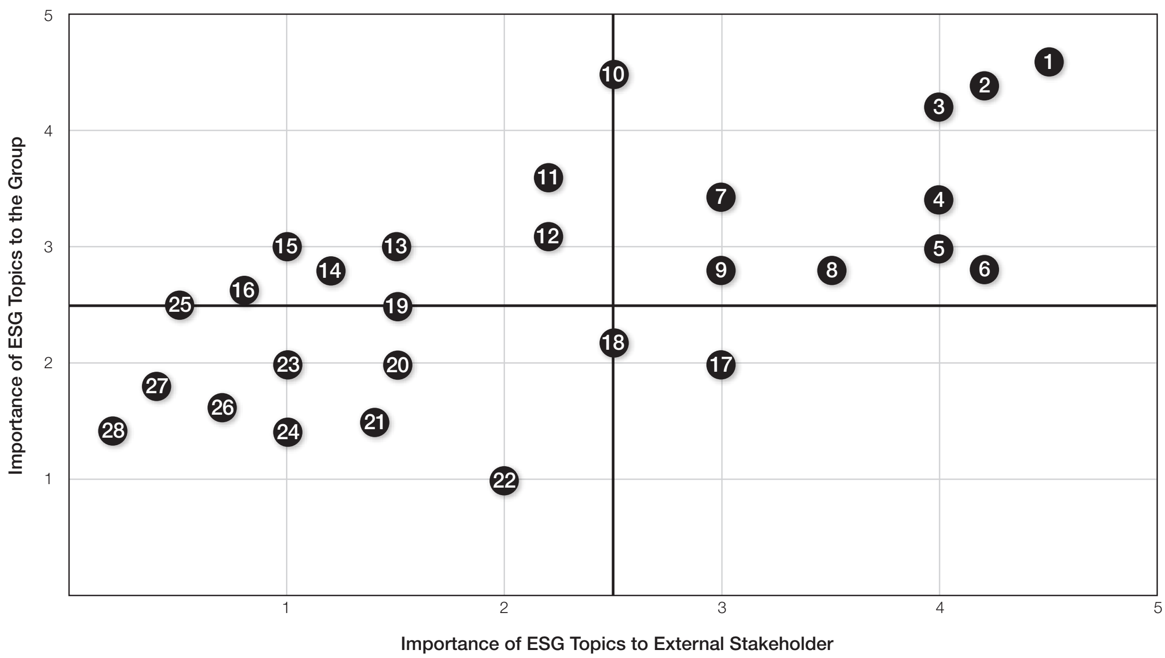
MATERIALITY ASSESSMENT

The Group has identified ESG issues that are critical to the Group and stakeholders.

Based on its actual business activities and the industry characteristics, the Group identified and determined 28 environmental, social and governance related issues and invited both internal and external stakeholders to express their opinion on such 28 issues in terms of materiality. After integrating the opinions from the stakeholders with the sustainable development goals of the Group, the management of the Group summarized the issues in priority order and prepared the materiality matrix.

The following matrix had stated all related issues which matter to the stakeholders, whilst the results shown on the top-right area represent the issues that are more significant for the Group in formulating future environmental, social and governance plans and objectives, in a bid to creating sustainable value for stakeholders. The top issues which the stakeholders are the most concerned are stated in following ESG topic table with descending order.

Materiality Assessment Maxtrix



Item	ESG Topic	Item	ESG Topic
1.	Customer satisfaction	15.	Climate change
2.	Customer information and privacy	16.	Water use
3.	Observing and protecting intellectual property rights	17.	Cultivation of local employment
4.	Anti-corruption training provided to directors and staff	18.	Employee development and training
5.	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)	19.	Non-hazardous waste production
6.	Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering	20.	Energy use (e.g. electricity, gas, fuel)
7.	Product health and safety	21.	Air emissions
8.	Anti-corruption policies and whistle-blowing procedure	22.	Community support (e.g. donation, volunteering)
9.	Occupational health and safety	23.	Mitigation measures to protect environment and natural resources
10.	Marketing communications (e.g. advertisement)	24.	Use of materials (e.g. paper, packaging, raw materials)
11.	Product and service labelling	25.	Selection and monitoring of suppliers
12.	Environmentally preferable products and services	26.	Diversity and equal opportunity of employees
13.	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers	27.	Preventing child and forced labour
14.	Greenhouse gas emissions	28.	Hazardous waste production

STAKEHOLDERS' FEEDBACK

The Group values the feedbacks made by the stakeholders for future improvements. For any comments about this ESG Report or suggestions in enhancing our sustainability performance, please feel free to contact the Group via:

E-mail:	info@fw-holdings.com
Website:	http://www.fw-holdings.com
Address:	Unit 3711, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong
With effect from 16 April 2021:	Unit 2218, 22/F The Metropolis Tower, 10 Metropolis Drive, Hung Hom, Kowloon, Hong Kong
Telephone:	(852) 2311 7728

A. ENVIRONMENTAL ASPECT

The Group strictly abides by laws and regulations that have material impacts on the development of the Group, such as the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), the Law of the People's Republic of China on Environmental Impact Assessment (中華人民共和國環境影響評價法), the Law of the People's Republic of China on Prevention and Control of Water Pollution (中華人民共和國水污染防治法), the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), and the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法).

Due to our business nature, we recognized limited negative environmental impact on sewage, packaging material and hazardous waste. We are fully aware of our responsibility in environmental protection and sustainable development.

Starting from the details of the use of electrical appliances, water conservation, paperless office and official cars management, we have made specific regulations on daily actions of our employees to effectively reduce the use of water, electricity, paper and gasoline, and reduce energy consumption; and also strengthen the awareness of energy conservation and consumption reduction for all employees, which helps to guide all employees to form good habits of conservation and environmental protection, thus laying a solid foundation for the sustainable development of the Group.

A1 Emissions

The Group's air emissions and Greenhouse Gas ("**GHG**") emissions mainly sourced from the combustion of unleaded petrol for motor vehicles and purchased electricity for office operation and electric vehicles. The emissions data for the Reporting Period are presented in below together with comparative figures of preceding period:

Table 1 The Group's Total Air Emissions by Category in 2019 and 2020

Air emissions	**Unit**	2019	**2020**	**Percentage change**
Nitrogen Oxides (NOx)	kg	2.85	**7.58**	+166%
Particulate Matter (PM)	kg	0.21	**0.56**	+165%
Sulphur Oxides (SOx)	kg	0.05	**0.08**	+54%
Total emissions from gaseous fuel consumption and vehicles	kg	3.11	**8.22**	+164%

Table 2 The Group's Total Greenhouse Gas Emissions by Category and Intensity in 2019 and 2020

GHG emissions	Unit	2019	2020	Percentage change
GHG emissions from Scope 1 – Direct emission	tCO_2e	9.81	**14.14**	+44%
GHG emissions from Scope 2 – Indirect emission	tCO_2e	32.47	**9.27**	–71%
Total GHG emissions from Scope 1 and 2	tCO_2e	42.28	**23.41**	–45%
Intensity of total GHG emissions	tCO_2e/no. of employees	1.08	**0.35**	–67%

A1.1 Waste Management

The Group did not produce hazardous waste during the Reporting Period; as for non-hazardous waste, it is mainly domestic waste and paper waste, we believe it is a relatively small portion in term of our business nature. To minimize the environmental impacts from non-hazardous wastes generated from our business operation, the Group has implemented measures to manage different types of waste and launched different waste reduction initiatives in different working areas.

- Setting preference in using double-sided printing;
- Trays are also placed to collect single-sided used papers for reuse;
- Make good use of recycling bins;
- Electronic corporate information (including annual reports, interim reports, meeting notices, circulars and proxy forms) issued to our shareholders; and
- Employees should consider communicating in electronic means or documents instead of using print-out copies.

During the Reporting Period, the Group was not aware of any non-compliance with applicable laws and regulations related to emissions, discharges into waste and land, generation of hazardous and non-hazardous waste including Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong).

A2 Use of Resources

A2.1 Energy Consumption

Under the operations at an office setting, the Group's major energy consumption were sourced from purchased electricity. During the Reporting Period, the Group's energy consumption performance is as follows:

Table 3 The Group's Energy Consumption by Type in 2019 and 2020

Energy consumption	Unit	2019	2020	Percentage change
Fuel	kWh	33,580.88	**52,133.01**	+55%
Electricity	kWh	59,045.16	**11,371.43**	–81%
Total energy consumption	kWh	92,626.04	**63,504.44**	–31%
Intensity of total energy consumption	kWh/no. of employees	2,375.03	**962.19**	–59%

Upon reviewing each year's energy consumption rate, the Group strives to further reduce energy consumption by adopting the following energy-saving measures:

Objectives	Energy-saving measures
Raise employees' awareness on energy conservation	• Notices posted around the working area to remind employees
Improve efficiency in using energy	• Indoor room temperatures should be maintained between 24°C – 26°C • Air filters are cleaned or replaced regularly by professional technicians to maximize cooling efficiency • Electrical appliances with high energy efficiency preferred over traditional models
Conserve energy consumption rate	• Switch off the computers after working hours • Lights and other facilities should also be switched off after use • Investigate unexpected high consumption of energy

A2.2 Water Consumption

The Group monitors and conserves our water consumption rate in order to improve the Water use efficiency while we did not face any issue in sourcing water. No consumption data is available to individual tenants of the water supply of the Group's office in Sheung Wan which managed by the building management office, only water consumption of residence flats in Chai Wan and PRC offices were accounted for as shown in below:

Table 4 The Group's Total Water consumption by Intensity in 2019 and 2020

Water consumption	**Unit**	2019	**2020**	**Percentage change**
Total water consumption	m^3	34.00	**717.00**	+2,009%
Intensity of water consumption	m^3/no. of employees	0.87	**10.86**	+1,146%

The total water consumption was significantly raised as compared to the figure in 2019. It was mainly associated with the newly engaged production of robotics products in Hefei. Some of the following initiatives were taken to reduce water consumption:

- Reminders were posted about water-saving at office areas, especially at the pantry and washrooms
- Usage rate of water consumed would be monitored to evaluate on employees' awareness in the importance of saving water
- Strengthen the inspection and maintenance on water tap, water pipelines and water storage; and
- Purchase water-saving equipment.

A3 The Environment and Natural Resources

Considering the business nature and its unique geographical advantage, climate change would exert little influence on the development of the business of the Group. The main environmental impact of the business is the indirect impact of carbon dioxide generated by electricity and paper usage in the daily activities of the business. The Group has taken steps to reduce its impact on the environment by adopting energy saving measures mentioned in A1 Emissions and A2 Use of Resources.

B. SOCIAL ASPECT

B1 Employment

As an employer, we believe that a diverse work environment will fuel innovation and ideas which is core to our business and serve as the core competitive advantage. The Group respects and protects the rights and interests of every individual employee, protects employees' occupational health and safety, safeguards employees' interest, fully respects and values employees' enthusiasm, initiative and creativity, and strives to build a harmonious labour relationship.

The Group was not aware of any material non-compliance with any relevant laws and regulations, including

- Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong);
- Labour Law of the People's Republic of China (中華人民共和國勞動法); and
- Insurance Law of the People's Republic of China (中華人民共和國社會保險法)

that had created significant impacts on the business and operations of the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare for the Reporting Period.

B1.1 Total Employment

We believe in working in a diverse and harmonious environment in ensuring constant progress towards achieving our corporate goal of delivering the best services in terms of cost, quality and products to our customers. The Group will continue to strive for gender diversity and increase the female-to-male ratio in our workforce. The Group had a total of 66 employees in 2020. The total workforce categorised by (i) gender, (ii) employment category and (iii) geographical region are shown below:

Table 5 The Group's Total Workforce by Gender, Employment Category and Geographical Region in 2020

Total Employment	Categories	2020
Gender	Male	**49**
	Female	**17**
Employment category	Full time	**61**
	Part time	**5**
Geographical region	Mainland China	**44**
	Hong Kong	**22**

The Group understands that a competitive remuneration package together with good benefits and welfare encourage retention and foster a sense of belonging. The Group offers a comprehensive remuneration package as well as sound training programs for realizing their potentials and giving full play of their strengths for all its employees, and employees are remunerated fairly according to their contributions with reference to the market practice.

We conduct regular performance appraisals for our employees on a regular basis and all employees are given equal opportunities for promotions depending on their job performance, to ensure that the remuneration package given fairly and appropriately, still remains competitive to maintain a strong performance culture in the Group. On top of basic salary, the Group offers medical insurance coverage, five-day working arrangement, statutory holidays, paid annual leave, sick leave and maternity leave. Especially on festivals such as the Chinese New Year's Eve, Mid-Autumn Festival, Winter Solstice, Christmas Eve and New Year's Eve, employees are allowed to be dismissed earlier to celebrate with their parties.

The Group also holds social gathering activities and encourage employees' voluntary participation aiming at providing opportunities for employees to get connected with each other and creating a harmonious working environment. It is mutually beneficial to both the Group and employees as it provides employees a sense of belonging and self-worth while positive work relationship helps foster better collaboration and work performance.

B1.2 Employee Turnover

During the Reporting Period, the Group's overall employee turnover rate was approximately 61%. A relatively high turnover rate was recorded due to the newly launched robotics business in Mainland China. The composition of employee was relatively unstable at the developing stage of the business. The table below shows the employee turnover rate by (i) gender and (ii) geographical region:

Table 6 The Group's Employee Turnover Rate by Gender and Geographical Region in 2020

Percentage of Turnover rate	Categories	2020
Gender	Male	**51%**
	Female	**88%**
Geographical region	Mainland China	**86%**
	Hong Kong	**9%**
Overall employee turnover rate		**61%**

Moreover, the Group commits to provide appealing resources to attract and retain talents. All employees are entitled to equal opportunities in terms of recruitment, training and development, job advancement, compensation and benefits. Employees are free from discrimination regardless of gender, ethnic, background, religion, colour, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable laws. Employees are encouraged to file a report If any violations or suspicions on sexual harassment are discovered, the cases will then be promptly investigated, whereas disciplinary actions will be executed on related personnel when necessary.

We do not dismiss our employees unnecessarily or unfairly, unless an employee fails to comply with our company policies and has committed an act of misconduct where, after serious consideration, termination is the disciplinary action.

B2 Health and Safety

The Group attaches great importance to providing employees with a safe and healthy working environment. As the operation of the Group belongs to general office operation, it does not involve high risk or high hazard work. Nevertheless, the Group had implemented the following measures in guaranteeing the health and safety of our employees:

- Smoking inside office premises is strictly prohibited;
- Diagrams with emergency exit indication and escape routes are posted at accessible areas;
- First aid boxes and other medical supplies are regularly being refilled and located at areas with easy access;
- Regular disinfection of office and high touchpoints; and
- In the event of extreme weather such as typhoons, employees are allowed to leave earlier after permissions are granted from their managers.

The Group shows its genuine care for its employees. As to mitigate the impact of COVID-19, the Group has taken a quick response and precaution measures to protect the health of employees:

- Face masks and alcohol-based hand sanitizers were constantly given to all employees and placed at workplace areas;
- Cleaning supplies suppliers arranged to give away disinfection supplies to employees;
- Non-contact thermometers were placed at the entrance of the office for employees monitor their body temperature;
- Sanitation and space disinfection were frequently carried out to maintain the hygiene of the workplace;
- Flexible working hours implemented; and
- Work from home arrangement for staff.

During the Reporting Period, the Group did not receive any cases in relation to work injuries or fatalities. The Group was not aware of any non-compliance with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), the Production Safety Law of the People's Republic of China (中華人民共和國安全生產法), Law of the People's Republic of China on Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法) and other relevant rules and regulations related to occupational health and safety in the Reporting Period.

B3 Development and Training

The Group believes that continuous education is the key to maintain the professionalism of staff, and it plays a key role to the Group's business growth and long-term sustainable development. Through employee workshops, these would facilitate the management team to filter and select potential talents to receive further training, subsequently the Group would be able to allocate new job responsibilities for designated employees based on their capabilities. Employees are allowed to attend training courses during office hours when necessary.

The tables below show the percentage of employees trained and average training hours completed per employee by (i) gender and (ii) employment category:

Table 7 Percentage of Employees Trained by Gender and Employee Category in 2020

Percentage of employees trained	Category	Units	2020
Gender	Male	%	**68%**
	Female		**32%**
Employment category	Senior management	%	**12%**
	Middle management		**4%**
	Frontline and other employees		**84%**
Overall percentage of employees trained		%	**38%**

Table 8 Average Training Hours Completed Per Employee by Gender and Employee Category in 2020

Average training hours completed per employee	Category	Units	2020
Gender	Male	hours	**5.55**
	Female		**7.53**
Employment category	Senior management	hours	**4.00**
	Middle management		**2.29**
	Frontline and other employees		**7.15**
Overall average training hours completed per employee		hours	**6.06**

B4 Labour Standards

The Group is fully aware that exploitation of child and forced labour belongs to a violation of human rights and international labour conventions, therefore the Group strictly prohibits the occurrence of child labour or forced labour employment. In addition, the Group had extended our requirements for our partners or suppliers to follow along this standard. The applicable laws and regulations include Employment of Children Regulations and Employment of Young Persons (Industry) Regulations under the Employment Ordinance of Hong Kong, the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) and the Labour Law of the People's Republic of China (中華人民共和國勞動法). The Group has continued to reinforce the process of recruitment that our Human Resources Personnel should verify the new joiner in reaching the legal minimum age for employment and should avoid in breaching any discriminatory requirements. Any labour-related issues will be handled with diligently and appropriate actions will be taken seriously, such as termination of employment contract.

During the Reporting Period, the Group was not aware of any incidents which were non-compliant with laws and regulations related to the prevention of child labour, forced labour or other employment-related issues.

B5 Supply Chain Management

The Group attaches great importance in connecting with our suppliers, as it is one of the key aspects in building up the Group's business in functioning smoothly. The Group maintains strategic partnerships with and supports our suppliers through an open and fair procurement process. The Group has also established processes in accordance with certain standards and requirements set by us to select and evaluate suppliers to ensure that the purchased goods comply with relevant standards and criteria. Procurement decisions take into account the following aspects of the potential suppliers: compliance with laws and regulations, past experience in product or services, products and services quality and the current market price.

As the Group prefers selecting suppliers who share the same environmental, social and ethical values with us, the Group also pays attention to the supplier' past environmental compliance record as well as their commitment to social responsibility part from the products and services quality. During the Reporting Period, the Group was not aware of any suppliers that had any actions or practices which had caused significant negative impacts on business ethics, environmental protection, labour practices and human rights.

B6 Product Responsibility

The Group has established effective measures to deal with the issues of product quality to ensure all products that are supplied to our customers meet the requirements for product safety and quality. As abovementioned, the supplier's background and the quality of their products and services is assessed and evaluated by the Group before admitted as qualified suppliers.

Customers' feedback is always welcomed by the Group regardless of whether it is a positive compliment or recommendation of areas of improvement. The Group treasures the valuable piece of advice from its customers as an opportunity to gather experience and enhance service quality. Any complaint received from the customers will be handled seriously and timely followed-up.

During the Reporting Period, the Group was not aware of any products sold or shipped subject to recalls for safety and health reasons and any complaints related to products and services provided.

The Group is also committed to protecting the personal privacy of customers, employees, suppliers and business partners. The Group requires that personal data collected in any format or through any platform can be used only with the knowledge and consent. The Group has also taken the following appropriate precautions to prevent unauthorized or accidental access, processing, deletion, loss or use of such information:

- Strict policies have been set up in demanding our employees in handling personal privacy data attentively;
- Only personal information which are relevant and required for the business transaction will be requested;
- No personal data would be collected by a third party without any consent and authorization permitted from the owner;
- Personal data will only be applied for a directly related purpose;
- Application needed for before extending the use of personal data; and
- Firewalls and related systems are updated regularly to safeguard unauthorized access to the personal information database.

During the Reporting Period, the Group was not aware of any material non-compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of in Hong Kong) and other applicable local laws for data privacy.

B7 Anti-corruption

The Group strictly complies with all laws and regulations, and is fully committed to restricting any illegal activities, including corruption and bribery. The Group requires staff to understand and avoid any forms of illegal activities, work together in protecting the Group during daily operations and prevent any corruption activities. The Employee Handbook sets out the relevant guidelines on work ethics and the prevention of fraud, negligence, anti-bribery and corruption. All employees are given with an Employee Handbook upon employment, and must abide by the rules and guidelines during their employment.

The Group is committed to cultivate an open and transparent, fair and honest standardised internal management atmosphere, requiring employees, in particular the management to be honest and trustworthy as the basic code of conduct. The Group does not tolerate malpractices, corruption, bribery, and concealment. If any case of the above is confirmed, strict disciplinary actions will be taken immediately.

In order to maintain a fair and ethical working environment, the Group abided by the local laws and regulations related to anti-corruption, including but not limited to the following:

- Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong);
- Anti-corruption law of the People's Republic of China (中華人民共和國反腐敗法); and
- Law of the People's Republic of China on Anti-Money Laundering (中華人民共和國反洗錢法);

During the Reporting Period, the Group or our employees were not involved in non-compliance with the laws and regulations related to the prevention of corruption, bribery, extortion, fraud and money laundering, and have not been involved in related lawsuits.

B8 Community Investment

The Group is committed to emboldening and supporting the public by various means of social participation and contribution as part of our strategic development. We strive to nurture corporate culture and practice corporate citizenship in daily work life. We target through donations and sponsorships by supporting non-profit-making organisations to help charitable, cultural, educational and other needs of society. During the Reporting Period, the Group had donated a total of HKD200,000 to Harbin Institute of Technology (哈爾濱工業大學). The Group aims to encourage our employees to participate in charitable activities during their work and spare time as we believe participating in activities that repay the society can increase our employees' civic awareness while establishing correct values.

MOORE

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大華馬施雲
會計師事務所有限公司

To the Shareholders of Future World Holdings Limited *(formerly known as Future World Financial Holdings Limited)*
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Future World Holdings Limited and its subsidiaries (together, the "**Group**") set out on pages 61 to 161, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HKD31,150,000 for the year ended 31 December 2020 and, as of that date, the Group has net current liabilities of approximately HKD378,745,000. These conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have identified the matters described below to be the key audit matters to be communicated in our report.

Estimation of fair value of investment properties

Refer to Notes 4, 5 and 18 to the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
The Group has two investment properties in Hong Kong and nineteen investment properties in the People’s Republic of China. Such investment properties are measured at a total fair value of approximately HKD803,836,000 as at 31 December 2020. Significant estimation and judgement are required by the management of the Company to determine the fair values of the investment properties. To support management’s estimation of the fair values, the Group engaged an external valuer to perform valuation on the investment properties as at 31 December 2020.	Our key procedures to address the matter included: • Evaluated the objectivity, independence and competency of the valuer; and • Assessed the methodologies, assumptions and inputs adopted in the valuation for estimating the fair values of the investment properties.

Impairment assessment of trade receivables and loan and interest receivables

Refer to Notes 4, 5, 23, 25 and 45(b) to the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2020, the Group had trade receivables and loan and interest receivables (net of credit loss allowances) amounting to approximately HKD43,866,000 and HKD338,015,000, respectively. The Group had recognised credit loss allowances on trade receivables and loan and interest receivables amounting to approximately HKD128,000 and HKD21,710,000 as at 31 December 2020. The measurement of expected credit loss ("**ECL**") requires the application of significant judgement and increased complexity. We have identified management's impairment assessments on the Group's trade receivables and loan and interest receivables as a key audit matter because their carrying amounts are significant and the assessments required significant management judgement and involved high level of estimation uncertainty.	Our key procedures to address the matter included: • Evaluated the ECL models, inputs and assumptions used by the Group in calculating the ECL; • Assessed the reasonableness of the Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment; • Challenged whether historical experience is representative of current circumstances and of the recent losses incurred in the debtors and assessed the reasonableness of forward-looking adjustments, including the economic variables and assumptions used in each of the economic scenarios and their probability weightings; and • Assessed the consolidated financial statement disclosures relating to the Group's exposure to credit risk.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR’S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report for the year ended 31 December 2020 of the Group other than the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee of the Company assists the directors of the Company in discharging their responsibilities for overseeing the Group’s financial reporting process.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore Stephens CPA Limited
Certified Public Accountants

Ng Ngai Yan
Practising Certificate Number: P07422

Hong Kong, 30 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	**2020 HKD'000**	2019 HKD'000
Net realised loss from securities trading and investment	6	**(13,067)**	–
Revenue	6	**234,659**	80,916
Cost of sales		**(166,366)**	(44,940)
Gross profit		**68,293**	35,976
Other income and gains	8	**1,689**	19
Selling and distribution costs		**(4,513)**	–
Administrative expenses		**(37,083)**	(29,888)
Gain on disposal of subsidiaries, net	38	**973**	–
Loss on early redemption of promissory note		**–**	(266)
(Provision for)/reversal of credit loss allowances on loan and interest receivables, net	23	**(1,433)**	6,740
Provision for credit loss allowances on trade receivables, net	45(b)(ii)	**(125)**	–
Reversal of expected credit loss on loan commitment, net		**687**	2,456
Change in fair value of financial assets at fair value through profit or loss		**148**	5,252
Change in fair value of investment properties	18	**(3,125)**	(27,790)
Share of loss of an associate		**(371)**	(139)
Share-based payment expenses	34(a)	**(17,498)**	(17,893)
Operating loss		**(5,425)**	(25,533)
Finance costs	9	**(21,132)**	(26,856)
Loss before income tax	10	**(26,557)**	(52,389)
Income tax expense	11	**(4,593)**	(1,602)
Loss for the year		**(31,150)**	(53,991)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	**2020** **HKD'000**	2019 HKD'000
Other comprehensive income/(loss)			
Item that will be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**10,312**	221
Item that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income	20	**(35,859)**	(372,831)
Other comprehensive loss for the year, net of income tax		**(25,547)**	(372,610)
Total comprehensive loss for the year		**(56,697)**	(426,601)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(38,003)**	(53,991)
Non-controlling interests		**6,853**	–*
		(31,150)	(53,991)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(64,023)**	(426,601)
Non-controlling interests		**7,326**	–*
		(56,697)	(426,601)
Loss per share attributable to owners of the Company			(Restated)
– Basic and diluted	15	**HK(5.08) cents**	HK(8.76) cents

* *Amount less than HKD1,000*

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	2020 HKD'000	2019 HKD'000
Non-current assets			
Property, plant and equipment	16	**2,161**	2,321
Right-of-use assets	17	**8,797**	6,095
Investment properties	18	**803,836**	798,085
Interest in an associate	19	**58**	423
Financial assets at fair value through other comprehensive income	20	**220,117**	270,627
Loan receivables	23	**298,451**	–
Deferred tax assets	24	**4,059**	3,936
		1,337,479	1,081,487
Current assets			
Inventories	22	**10,581**	2,404
Loan and interest receivables	23	**39,564**	302,616
Financial assets at fair value through profit or loss	21	**1,394**	26,350
Trade, bills and other receivables	25	**81,793**	10,098
Contract assets	28	**8,594**	–
Pledged bank deposits and cash and bank balances	26	**12,491**	12,396
Income tax recoverable		**–**	1,378
		154,417	355,242
Current liabilities			
Trade payables, accruals and other payables	27	**72,993**	8,275
Contract liabilities	28	**5,133**	3,014
Lease liabilities	29	**3,877**	4,051
Bank borrowings	30	**305,009**	312,369
Other borrowings	31	**143,709**	173,061
Income tax payables		**2,441**	–
		533,162	500,770
Net current liabilities		**(378,745)**	(145,528)
Total assets less current liabilities		**958,734**	935,959
Non-current liabilities			
Lease liabilities	29	**5,501**	1,764
Net assets		**953,233**	934,195
Capital and reserves			
Share capital	32	**18,906**	12,480
Reserves	33	**926,049**	921,721
Equity attributable to owners of the Company		**944,955**	934,201
Non-controlling interests		**8,278**	(6)
Total equity		**953,233**	934,195

The consolidated financial statements on the pages from 61 to 161 were approved and authorised for issue by the board of directors on 30 March 2021 and are signed on its behalf by:

Siu Yun Fat	**Lau Fai Lawrence**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company									
	Share capital HKD'000 *(Note 32)*	Share premium HKD'000 *(Note 33)*	Share option reserve HKD'000 *(Notes 33 & 34(a))*	Translation reserve HKD'000 *(Note 33)*	Fair value reserve (non-cycling) HKD'000 *(Note 33)*	Statutory reserve HKD'000 *(Note 33)*	Retained earnings/ (accumulated losses) HKD'000	Total HKD'000	Non-controlling interests 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
Loss for the year	–	–	–	–	–	–	(53,991)	(53,991)	(–*)	(53,991)
Other comprehensive income/(loss), net of income tax										
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	221	–	–	–	221	–	221
Change in fair value of financial assets at fair value through other comprehensive income *(Note 20)*	–	–	–	–	(372,831)	–	–	(372,831)	–	(372,831)
Other comprehensive income/(loss) for the year, net of income tax	–	–	–	221	(372,831)	–	–	(372,610)	–	(372,610)
Total comprehensive income/(loss) for the year	–	–	–	221	(372,831)	–	(53,991)	(426,601)	(–*)	(426,601)
Release of fair value reserve upon disposal of financial assets at fair value through other comprehensive income	–	–	–	–	145,431	–	(145,431)	–	–	–
Issuance of shares upon allotment, net of transaction costs *(Note 32(iii))*	900	56,617	–	–	–	–	–	57,517	–	57,517
Recognition of equity-settled share-based payments *(Note 34(a))*	–	–	17,893	–	–	–	–	17,893	–	17,893
Lapse of share options	–	–	(23,559)	–	–	–	23,559	–	–	–
At 31 December 2019 and 1 January 2020	**12,480**	**1,480,021**	**17,893**	**220**	**(697,544)**	**–**	**121,131**	**934,201**	**(6)**	**934,195**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(38,003)**	**(38,003)**	**6,853**	**(31,150)**
Other comprehensive income/(loss), net of income tax										
Exchange differences arising on translation of financial statements of foreign operations	**–**	**–**	**–**	**9,839**	**–**	**–**	**–**	**9,839**	**473**	**10,312**
Change in fair value of financial assets at fair value through other comprehensive income *(Note 20)*	**–**	**–**	**–**	**–**	**(35,859)**	**–**	**–**	**(35,859)**	**–**	**(35,859)**
Other comprehensive income/(loss) for the year, net of income tax	**–**	**–**	**–**	**9,839**	**(35,859)**	**–**	**–**	**(26,020)**	**473**	**(25,547)**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**9,839**	**(35,859)**	**–**	**(38,003)**	**(64,023)**	**7,326**	**(56,697)**
Release of fair value reserve upon disposal of financial assets at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**109,796**	**–**	**(109,796)**	**–**	**–**	**–**
Additions through acquisition of subsidiaries *(Note 36)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**113**	**113**
Appropriation to statutory reserve	**–**	**–**	**–**	**–**	**–**	**1,792**	**(1,792)**	**–**	**–**	**–**
Capital injection from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**186**	**186**
Disposal of subsidiaries *(Note 38)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**659**	**659**
Issuance of shares upon right issue and placing, net of transaction costs *(Note 32(vi))*	**6,302**	**47,505**	**–**	**–**	**–**	**–**	**–**	**53,807**	**–**	**53,807**
Recognition of equity-settled share-based payments *(Note 34(a))*	**–**	**–**	**17,498**	**–**	**–**	**–**	**–**	**17,498**	**–**	**17,498**
Exercise of share options *(Note 32(iv))*	**124**	**4,328**	**(980)**	**–**	**–**	**–**	**–**	**3,472**	**–**	**3,472**
Cancellation of share options *(Note 34(a))*	**–**	**–**	**(27,015)**	**–**	**–**	**–**	**27,015**	**–**	**–**	**–**
At 31 December 2020	**18,906**	**1,531,854**	**7,396**	**10,059**	**(623,607)**	**1,792**	**(1,445)**	**944,955**	**8,278**	**953,233**

* *Amount less than HKD1,000*

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 HKD'000	2019 HKD'000
Cash flows from operating activities			
Loss before income tax		**(26,557)**	(52,389)
Adjustments for:			
Finance costs	9	**21,132**	26,856
Interest income	8	**(3)**	(19)
Dividend income	6	**(5,198)**	(4,061)
Depreciation of property, plant and equipment	10	**968**	820
Depreciation of right-of-use assets	10	**4,159**	2,013
Provision for/(reversal of) credit loss allowances on loan and interest receivables, net	10	**1,433**	(6,740)
Provision for credit loss allowances on trade receivables, net	10	**125**	–
Reversal of expected credit loss on loan commitment, net	10	**(687)**	(2,456)
Change in fair value and net realised loss from disposals of financial assets at fair value through profit or loss	21	**12,919**	(5,252)
Change in fair value of investment properties	18	**3,125**	27,790
Loss on early redemption of promissory note	10	**–**	266
Share-based payment expenses	34(a)	**17,498**	17,893
Share of loss of an associate		**371**	139
Gain on disposal of subsidiaries	38	**(973)**	–
Gains from bargain purchases	8	**(37)**	–
Loss on early termination of a lease agreement	10	**22**	–
Rent concession in relation to COVID-19	8	**(55)**	–
Operating cash flows before movements in working capital		**28,242**	4,860
Increase in inventories		**(7,914)**	(2,404)
(Increase)/decrease in loan and interest receivables		**(36,832)**	27,702
Decrease in financial assets at fair value through profit or loss		**12,037**	10,296
Increase in trade, bills and other receivables		**(53,318)**	(1,681)
Increase in contract assets		**(8,109)**	–
Decrease/(increase) in pledged bank deposits		**1,074**	(1,410)
Increase/(decrease) in trade payables, accruals and other payables		**38,394**	(3,930)
Increase in contract liabilities		**1,829**	3,001
Cash (used in)/generated from operations		**(24,597)**	36,434
Income tax paid		**(1,100)**	(12,564)
Net cash (used in)/generated from operating activities		**(25,697)**	23,870

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 HKD'000	2019 HKD'000
Cash flows from investing activities			
Interest received		**3**	19
Dividend received		**5,198**	4,061
Purchase of property, plant and equipment	16	**(11,370)**	(1,315)
Purchase of financial assets at fair value through other comprehensive income	20	**(22,041)**	–
Proceed from disposal of financial assets at fair value through other comprehensive income	20	**36,692**	54,562
Net cash inflow arising on acquisition of subsidiaries	36	**4,934**	–
Net cash inflow arising on disposal of subsidiaries	38	**6,473**	–
Net cash outflow arising on acquisition of assets through acquisition of a subsidiary	37	**–**	(453)
Capital injection from non-controlling interests		**186**	–
Investment cost in an associate	19	**–**	(559)
Net cash generated from investing activities		**20,075**	56,315
Cash flows from financing activities			
Interest paid on bank and other borrowings		**(20,536)**	(26,315)
Proceeds from bank borrowings		**80,000**	80,000
Repayments of bank borrowings		**(87,360)**	(88,576)
Proceeds from other borrowings		**11,328**	16,787
Repayments of other borrowings		**(40,680)**	(63,986)
Receipts of government loans		**9,856**	–
Proceeds from issuance of shares upon allotment, net of transaction costs		**–**	57,517
Proceeds from issuance of shares upon rights issue and placing, net of transaction costs		**53,807**	–
Proceeds from issuance of shares upon exercise of share options		**3,472**	–
Repayment of promissory note – principal		**–**	(48,000)
Repayment of promissory note – interest		**–**	(356)
Repayment of lease liabilities – principal		**(3,266)**	(2,293)
Repayment of lease liabilities – interest		**(214)**	(173)
Net cash generated from/(used in) financing activities		**6,407**	(75,395)
Net increase in cash and cash equivalents		**785**	4,790
Cash and cash equivalents at the beginning of the year		**10,986**	6,194
Effect of foreign exchange rates changes, net		**384**	2
Cash and cash equivalents at the end of the year			
– Cash and bank balances	26	**12,155**	10,986

1. GENERAL

Future World Holdings Limited (formerly known as Future World Financial Holdings Limited) (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 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.

During the year, the Group acquired equity interests in certain subsidiaries from independent third parties and commenced in high technology business. Further details of which are set out in Note 36.

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

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (the "**CO**"). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties, financial assets at fair value through profit or loss ("**FVTPL**") and financial assets at fair value through other comprehensive income ("**FVTOCI**"), which are measured at fair value.

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

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

2. BASIS OF PREPARATION *(Continued)*

Basis of measurement *(Continued)*

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

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

Going concern

The Group incurred a net loss of approximately HKD31,150,000 for the year ended 31 December 2020 and, as of that date, the Group has net current liabilities of approximately HKD378,745,000. These conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have considered the followings when they prepared these consolidated financial statements for the year ended 31 December 2020:

The current liabilities of the Group include bank borrowings of approximately HKD215,520,000, 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. The Group regularly monitors its compliance with covenants and scheduled repayments of such bank borrowings and the directors of the Company do not consider that the banks will exercise their discretion to demand repayment so long as the Group continues to meet these requirements.

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

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

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

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Adoption of revised HKFRSs effective from 1 January 2020

In the current year, the Group has applied a number of amendments to HKFRSs issued by the HKICPA that are mandatorily effective for an accounting period that begins on or after 1 January 2020. These amendments have been applied by the Group for the first time in the current year unless otherwise specified.

Amendments to HKAS 1 (Revised) and HKAS 8	Definition of Material
Amendments to HKFRS 3 (Revised)	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

In addition, in the preparation of the consolidated financial statements for the year ended 31 December 2020, the Group has early applied the Amendments to HKFRS 16 *Covid-19 – Related Rent Concessions*, which are mandatorily effective for annual reporting periods beginning on or after 1 June 2020.

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

Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The application of the amendments had no impact on the consolidated financial statements in the current year as similar conclusion would have been reached without applying the optional concentration test.

3. ADOPTION OF NEW AND REVISED HKFRSs *(Continued)*

(a) Adoption of revised HKFRSs effective from 1 January 2020 *(Continued)*

Impacts on early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

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

The application of the amendment had no impact to the opening retained earnings at 1 January 2020. The Group has benefited from partially waiver of lease payments on one of the leases in the Group. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of approximately HKD55,000, which has been recognised in other income and gains for the current year.

3. ADOPTION OF NEW AND REVISED HKFRSs *(Continued)*

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

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in the consolidated financial statements:

Amendments to HKFRS 3 (Revised)	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 17	Insurance Contracts and related amendments[3]
Amendments to HKAS 1 (Revised)	Classification of Liabilities as Current or Non-current and related amendments to HK Interpretation 5 (2020)[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[2]

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs. So far, it has concluded that the above new and revised HKFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Profit or loss and each item of other comprehensive income are attributed to owners of the Company and to non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to non-controlling interests even if this results in non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations and goodwill

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKFRS 9 *Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss in accordance with HKFRS 9. Other contingent consideration that is not within the scope of HKFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Goodwill is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated statement of profit or loss and other comprehensive income as a bargain purchase gain.

After initial recognition, goodwill is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

Investments in subsidiaries

In the Company's statement of financial position in Note 49, the interests in subsidiaries are stated at cost less accumulated impairment losses. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Investment in an associate

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, from part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Where an indication of impairment exists, it is necessary the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment in an associate *(Continued)*

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue from contracts with customers

Under HKFRS 15 *Revenue from Contracts with Customers*, the Group recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

Revenue from high technology business

The Group's high technology business is mainly contributed by (i) intelligent industrial welding robots and equipment business; and (ii) artificial intelligence products and application solutions business. The Group provides customised designs which are bundled together with the sales of non-standard customised positioner, all kinds of special welding and cutting tooling devices and all kinds of unmanned and intelligent non-standard production lines. The products are delivered to the customers' designated locations as a package to its customers. The Group designs the production line based on the need of customers and outsources the assembling works to independent sub-contractors. For the artificial intelligence products and application solutions business, the main product is intelligent storage equipment with self-development system. The Group purchases relevant hardware according to the customer's requirement and integrates with an intelligent data storage software, which is developed by the Group.

The end products created by the Group are unique, specified to each customer and involved high personal preference. The directors of the Company considered there is single performance obligation under the contracts with customers of high technology business as the products and services provided are not distinct. Beside, before the customer's acceptance of the finished products, the Group has no enforceable right to receive consideration from the customers for performance completed to date. Revenue is recognised at a point in time when control of the products has transferred to customers. Contract assets (due to the retention period) are recognised according to the terms in the contracts.

Revenue from trading business and related services

The Group trades copper, robotic gripper, masks and tester. Revenue is recognised at a point in time when control of the products has transferred to customers.

Revenue from other sources

Interest income from a financial asset is accrued on a time basis on the principal outstanding or amortised cost in the case of credit-impaired financial assets at the applicable effective interest rate.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee

Leases are initially recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities, other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Assets leased to the Group and the corresponding liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

– fixed payments (including in-substance fixed payments), less any lease incentives receivable;

– variable lease payments that are based on an index or a rate;

– amounts expected to be payable by the lessee under residual value guarantees;

– the exercise price of purchase option if the lessee is reasonably certain to exercise that option; and

– payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate of respective entities. Right-of-use assets are measured at cost comprising the following:

– the amount of the initial measurement of lease liabilities;

– any lease payments made at or before the commencement date, less any lease incentive received;

– any initial direct costs; and

– restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee (Continued)

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

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

Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss and other comprehensive income in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss and other comprehensive income in the period of the retirement or disposal.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

All borrowing costs that are not directly attributable to expenditures on qualifying assets are recognised in profit or loss in the period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Financial assets

Financial assets are recognised when a group entity becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

(a) *Classification and subsequent measurement*

Investments in debt securities that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(a) Classification and subsequent measurement (Continued)

Investments in debt securities that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 (Revised) Business Combinations applies.

A financial asset is classified as held for trading if:

– it has been acquired principally for the purpose of selling in the near term;

– on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

– it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Financial assets at amortised cost

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(a) Classification and subsequent measurement (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings/(accumulated losses).

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset.

(b) Credit losses and impairment of financial assets

The Group recognises an expected credit loss ("**ECL**") allowance on financial assets which are subject to impairment under HKFRS 9 (including loan and interest receivables, trade, bills and other receivables, contract assets, pledged bank deposits and cash and bank balances), and on loan commitments issued which are not measured at FVTPL. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, and contract assets, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has applied loss rates which are reference to the default rates from international crediting rating agencies, adjusted for forward-looking factors specific to the debtors and the economic environment.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(b) Credit losses and impairment of financial assets (Continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For financial assets, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers these financial assets are in default when contractual payments are 90 days past due.

Loan and interest receivables are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(b) Credit losses and impairment of financial assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant deterioration in the operating results of the debtor; an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers the cash and bank balances to have a low credit risk because the majority of the counterparties are banks with external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(b) Credit losses and impairment of financial assets (Continued)

(ii) Definition of default

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower; or

(b) a breach of contract, such as a default or past due event; or

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of loan and interest receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(b) Credit losses and impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

(c) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected, on initial recognition of the investment or as at the date of initial application of HKFRS 9, to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings/(accumulated losses).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(c) Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment losses on assets (other than financial assets and inventories)

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment, right-of-use assets and interest in an associate to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRSs, in which case the impairment loss is treated as a revaluation decrease under that HKFRSs.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRSs, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRSs.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, accruals and other payables, lease liabilities, bank borrowings and other borrowings.

(b) Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

(c) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and have a short maturity of generally within three months when acquired.

Taxation

Income tax expense represents the sum of current tax and deferred tax.

The current tax is based on taxable profit for the year. Taxable profit differs from "profit before income tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties are depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HKD) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

Provisions are recognised when the Group has a present obligation (legal or construction) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Retirement benefits costs

Payments to central pension scheme operated by the local municipal government of the People's Republic of China (the "**PRC**") and the Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Scheme Ordinance are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period that related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 34.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

Share options granted to employees (Continued)

At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings/(accumulated losses).

Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair values of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Shares held under the share award scheme

The shares awarded under the share award scheme are acquired from open market. The net consideration paid, including any directly attributable incremental costs, is presented as “Shares held under the share award scheme” and deducted from equity.

For the shares granted under the share award scheme, the fair value of shares granted to employees is recognised as share-based payment expenses with a corresponding increase in capital reserve within equity. The fair value is based on the closing price of the Company’s shares on grant date plus any directly attributable incremental costs. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares that vest with corresponding adjustment to the capital reserve.

When the awarded shares are transferred to the awardees upon vesting, the related weighted average acquisition cost of the awarded shares vested are credited to the “Shares held under the share award scheme”, and the grant date fair value of the awarded shares vested are debited to the capital reserve. The difference between the related weighted average acquisition cost and the grant date fair value of the awarded shares vested is transferred to retained earnings/(accumulated losses) directly.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:–

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions applies:–

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Company, being the chief operating decision makers (the "**CODM**"), for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors of the Company are determined following the Group's major operations.

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimates (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) *Deferred taxation on investment properties*

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model in HKAS 40 *Investment Property*, the directors of the Company have reviewed the Group's investment properties portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption contained in HKAS 12 that the carrying amounts of investment properties measured using the fair value model is recovered entirely through sale is not rebutted. The Group has not recognised any deferred taxes on changes in fair value of investment properties in Hong Kong as the Group is not subject to any income taxes on the fair value changes of the investment properties located in Hong Kong on disposal. For the investment properties located in the PRC, the Group is subject to land appreciation tax on the gain on disposal of properties and therefore deferred tax liabilities would be recognised for the fair value gain of investment properties located in the PRC. However, the Group entitles no tax benefit if there is a loss on disposal of property. No deferred tax assets would be considered if there is fair value loss of investment properties located in the PRC.

(ii) *Principal versus agent consideration for income from high technology business*

The Group is engaged in high technology business, which mainly involved (i) intelligent industrial welding robots and equipment business; and (ii) artificial intelligence products and application solutions business. The Group initiates the sales with its customers and outsources the assembling work to independent sub-contractor or purchases the materials from independent suppliers. The Group concluded that it acts as the principal for such transactions as it controls the specified product before the specified product is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the products. The Group has discretion in establishing the price of the products and examining the assembling work. When the Group satisfies the performance obligation, the Group recognises revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Provision of ECL for trade receivables and loan and interest receivables

The Group had measured credit loss allowances for trade receivables at lifetime ECLs based on the default rates from international crediting rating agencies for various industries of debtors, debtor's creditworthiness and ageing of trade receivables, and are adjusted with forward-looking information that is available without undue cost or effort. The Group had measured credit loss allowances for loan and interest receivables based on credit spread at 12-month ECL. Details are disclosed in Note 45(b).

The directors of the Company classified the loan and interest receivables to different stages by considering whether there is significant increase in credit risk since initial recognition. The Group estimated the amount of ECL based on the difference between the contractual rates charged to borrowers, which in the opinion of directors of the Company, reflect the market borrowing rates for the respective borrowers, and the rates the Group would charge for borrowers with low credit risk (i.e. those with strong ability to pay). In the opinion of the directors of the Company, such an approach and the estimated ECL reflect the Group's credit risk exposure in respect of the Group's loan and interest receivables.

Also, as disclosed in Note 23(i), there was one (2019: two) loan and interest receivables amounting to approximately HKD5,243,000 (2019: HKD10,706,000) which was fully guaranteed by a director (who is also the shareholder) of the Company. The directors of the Company believe that the amounts will be recoverable in full. Up to the date of authorising these consolidated financial statements, the outstanding loan and interest receivable have not yet been settled.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and loan and interest receivables are disclosed in Note 45(b).

(ii) Estimated useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The management of the Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation to be recorded during each reporting period. The determination of useful lives is based on the Group's historical experience with similar assets. The depreciation for future periods is adjusted if there are material changes from previous estimates. The net carrying amount of property, plant and equipment at 31 December 2020 was approximately HKD2,161,000 (2019: HKD2,321,000).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(iii) *Fair value of investment properties*

At the end of the reporting period, investment properties are stated at fair value based on the valuation performed by a firm of independent qualified professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in valuation have reflected the current market conditions. Changes to these assumptions would result in change in the fair value of the Group's investment properties being recognised in the profit or loss. The carrying amount of investment properties measured at fair value at 31 December 2020 was approximately HKD803,836,000 (2019: HKD798,085,000).

(iv) *Estimate of current tax and deferred tax*

Significant judgement and estimates is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax provisions and deferred tax provisions in the periods in which such determination are made.

6. 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 year. An analysis of the Group's revenue for the year is as follows:

	2020 **HKD'000**	2019 HKD'000
Revenue		
Revenue from contracts with customers within the scope of HKFRS 15 recognised at a point in time:		
Income from high technology business	**180,358**	–
Income from trading business and related services	**13,154**	44,012
	193,512	44,012
Revenue from other sources:		
Rental income from property investment	**12,488**	3,340
Interest income from provision of financing services	**22,985**	28,174
Dividend income from securities trading and investment	**5,198**	4,061
Interest income from investment in film industry	**476**	1,329
	41,147	36,904
	234,659	80,916
Net realised loss from securities trading and investment	**(13,067)**	–

7. SEGMENT INFORMATION

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

Specifically, the Group's reportable 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 revenue and financial performance

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

	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	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HKD'000	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000
Revenue																
– External sales	**180,358**	–	**12,488**	3,340	**22,985**	28,174	**5,198**	4,061	**13,154**	44,012	**476**	1,329	**-**	–	**234,659**	80,916
Segment financial performance	**21,823**	–	**2,275**	(32,661)	**21,684**	32,726	**(24,472)**	(14,411)	**(7,475)**	(8,709)	**(185)**	1,128	**-**	(646)	**13,650**	(22,573)
Unallocated corporate income															**967**	19
Unallocated corporate expenses															**(23,149)**	(11,631)
Share of loss of an associate															**(371)**	(139)
Share-based payment expenses															**(17,498)**	(17,893)
Unallocated finance cost															**(156)**	(172)
Loss before income tax															**(26,557)**	(52,389)

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

7. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	2020 HKD'000	2019 HKD'000
Segment assets		
High technology business	**98,203**	–
Property investment	**808,820**	799,501
Provision of financing services	**336,845**	299,081
Securities trading and investment	**225,136**	298,206
Trading business and related services	**13,630**	17,511
Investment in film industry	**5,244**	10,725
Licensing of e-commerce platform	**–**	970
Total segment assets	**1,487,878**	1,425,994
Unallocated corporate assets	**4,018**	10,735
Consolidated assets	**1,491,896**	1,436,729
Segment liabilities		
High technology business	**71,436**	–
Property investment	**228,976**	235,002
Provision of financing services	**1,692**	3,572
Securities trading and investment	**224,079**	253,211
Trading business and related services	**4,409**	3,477
Investment in film industry	**88**	241
Licensing of e-commerce platform	**–**	136
Total segment liabilities	**530,680**	495,639
Unallocated corporate liabilities	**7,983**	6,895
Consolidated liabilities	**538,663**	502,534

7. SEGMENT INFORMATION *(Continued)*

Other segment information

	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		Unallocated		Total	
	2020 HKD'000	2019 HKD'000	**2020 HKD'000**	2019 HKD'000	**2020 HKD'000**	2019 HKD'000	**2020 HKD'000**	2019 HKD'000	**2020 HKD'000**	2019 HKD'000	**2020 HKD'000**	2019 HKD'000	**2020 HKD'000**	2019 HKD'000	**2020 HKD'000**	2019 HKD'000	**2020 HKD'000**	2019 HKD'000
Amounts included in the measure of segment profit or loss or segment assets:																		
Addition to property, plant and equipment	**727**	–	**-**	–	**-**	–	**-**	–	**8**	1,315	**-**	–	**-**	–	**10,635**	–	**11,370**	1,315
Addition to right-of-use assets	**6,818**	–	**-**	–	**-**	–	**-**	–	**-**	1,840	**-**	–	**-**	–	**-**	6,268	**6,818**	8,108
Acquisition of investment property through acquisition of a subsidiary	**-**	–	**-**	147,686	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	147,686
Depreciation of property, plant and equipment	**59**	–	**-**	–	**-**	–	**605**	672	**265**	124	**-**	–	**-**	–	**39**	24	**968**	820
Depreciation of right-of-use assets	**341**	–	**-**	–	**-**	–	**-**	–	**684**	92	**-**	–	**-**	–	**3,134**	1,921	**4,159**	2,013
Provision for/(reversal of) credit loss allowances on loan and interest receivables, net	**-**	–	**-**	–	**1,433**	(6,740)	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**1,433**	(6,740)
Provision for credit loss allowances recognised on trade receivables, net	**114**	–	**8**	–	**-**	–	**-**	–	**3**	–	**-**	–	**-**	–	**-**	–	**125**	–
Reversal of expected credit loss on loan commitment	**-**	–	**-**	–	**(687)**	(2,456)	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**(687)**	(2,456)
Change in fair value of financial assets at FVTPL	**-**	–	**-**	–	**-**	–	**(148)**	(4,133)	**-**	–	**-**	(1,119)	**-**	–	**-**	–	**(148)**	(5,252)
Change in fair value of investment properties	**-**	–	**3,125**	27,790	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**3,125**	27,790
Loss on early redemption of promissory note	**-**	–	**-**	266	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	266
Finance costs	**402**	–	**6,130**	6,977	**-**	–	**14,402**	19,698	**42**	9	**-**	–	**-**	–	**156**	172	**21,132**	26,856
Income tax expense	**4,105**	–	**576**	84	**(123)**	1,517	**-**	–	**35**	–	**-**	1	**-**	–	**-**	–	**4,593**	1,602
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:																		
Interest income	**-**	–	**-**	–	**-**	(2)	**(1)**	(1)	**(1)**	(16)	**-**	–	**-**	–	**(1)**	–	**(3)**	(19)
Share of loss of an associate	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**371**	139	**371**	139

Geographical information

The Group's operations are located in Hong Kong and the PRC.

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

	2020			2019		
	Hong Kong HKD'000	**The PRC HKD'000**	**Total HKD'000**	Hong Kong HKD'000	The PRC HKD'000	Total HKD'000
Revenue	**46,839**	**187,820**	**234,659**	80,076	840	80,916
Non-current assets:						
Property, plant and equipment	**1,101**	**1,060**	**2,161**	1,918	403	2,321
Right-of-use assets	**1,741**	**7,056**	**8,797**	5,632	463	6,095
Investment properties	**662,000**	**141,836**	**803,836**	664,000	134,085	798,085

7. SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2020 **HKD'000**	2019 HKD'000
Customer A[1]	**41,009**	N/A[4]
Customer B[2]	**N/A[4]**	39,906
Customer C[3]	**N/A[4]**	16,619

1 *Income from high technology business*
2 *Revenue from trading business and related services*
3 *Interest income from provision of financing services*
4 *The customers contributed less than 10% of the total revenue for the respective years.*

8. OTHER INCOME AND GAINS

	2020 **HKD'000**	2019 HKD'000
Interest income on bank deposits	**3**	19
Government subsidies *(Note (i))*	**995**	–
Gains from bargain purchases *(Note 36)*	**37**	–
Rent concession in relation to COVID-19 *(Note (ii))*	**55**	–
Sundry income	**599**	–
	1,689	19

Notes:

(i) The government subsidies recognised for the year ended 31 December 2020 (2019: Nil) were the approved subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme as promulgated by the Government of the Hong Kong Special Administrative Region of the PRC. There are no unfulfilled conditions or other contingencies attached to these subsidies.

(ii) The Group was granted a rent concession in relation to COVID-19 for an office premises during the year (2019: Nil). The Group applied the practical expedient in paragraph 46A of HKFRS 16 for its rent concession in relation to COVID-19, such that the Group elected not to assess whether the rent concession that meets the conditions in paragraph 46B of HKFRS 16 is a lease modification. Therefore, the rent concession was recognised as other income for the year (2019: Nil).

9. FINANCE COSTS

	2020 **HKD'000**	2019 HKD'000
Interest expenses on bank borrowings	**8,743**	10,821
Interest expenses on other borrowings	**11,793**	15,486
Interest expenses on lease liabilities	**214**	173
Interest expenses on government loans	**382**	–
Imputed interest expenses on promissory note *(Note 35)*	**–**	368
Interest expenses on bank overdraft	**–**	8
	21,132	26,856

10. LOSS BEFORE INCOME TAX

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

	2020 **HKD'000**	2019 HKD'000
Directors' and chief executive's emoluments, including share-based payment expenses of HKD6,228,000 (2019: HKD4,442,000)	**14,083**	9,049
Other staff costs, including share-based payment expenses of HKD3,370,000 (2019: HKD344,000)	**16,190**	6,311
Contributions to retirement benefits scheme	**430**	245
Total staff costs	**30,703**	15,605
Auditor's remuneration:		
– Audit services	**900**	780
– Non-audit services	**395**	430
Cost of inventories recognised as expenses	**166,162**	43,628
Depreciation of property, plant and equipment	**968**	820
Depreciation of right-of-use assets	**4,159**	2,013
Direct operating expenses arising from investment properties that generated rental income during the year	**576**	268
Direct operating expenses arising from investment properties that did not generated rental income during the year	**195**	485
Expenses relating to short-term leases	**1,422**	1,157
Loss on early redemption of promissory note	**–**	266
Loss on early termination of a lease agreement	**22**	–
Provision for/(reversal of) credit loss allowances on loan and interest receivables, net	**1,433**	(6,740)
Provision for credit loss allowances on trade receivables, net	**125**	–
Reversal of expected credit loss on loan commitment, net	**(687)**	(2,456)
Share-based payment expenses for consultants	**7,900**	13,107

11. INCOME TAX EXPENSE

	2020 **HKD'000**	2019 HKD'000
Current tax:		
– Hong Kong Profits Tax	**–**	1
– The PRC Enterprise Income Tax ("**EIT**")	**4,140**	–
– Withholding Tax	**576**	84
	4,716	85
Deferred tax (credited)/charged to profit or loss *(Note 24)*	**(123)**	1,517
Income tax expense	**4,593**	1,602

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

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax under these jurisdictions during the year (2019: Nil).

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

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

The PRC EIT has been provided at the rate of 25% on the taxable profits of the Group's subsidiaries in the PRC during the year ended 31 December 2020. Certain subsidiaries of the Group, which are qualified small and micro-sized enterprises ("**SMEs**") under Caishui [2019] No.13, are eligible for certain tax reduction. No PRC EIT has been provided for the year ended 31 December 2019 in the consolidated financial statements, as the Group has no assessable profits derived in the PRC during the year ended 31 December 2019.

The withholding tax is calculated at the rate of 10% on total rental income derived prevailing in the PRC jurisdiction for both years.

11. INCOME TAX EXPENSE *(Continued)*

The income tax expense for the year can be reconciled to the loss before income tax as follows:

	2020 **HKD'000**	2019 HKD'000
Loss before income tax	**(26,557)**	(52,389)
Tax at domestic income tax rate	**(3,062)**	(6,651)
Tax effect of expenses not deductible for tax purpose	**6,092**	6,878
Tax effect of income not taxable for tax purpose	**(1,682)**	(1,553)
Tax effect of tax losses not recognised	**4,242**	4,265
Utilisation of tax losses previously not recognised	**(520)**	(1,310)
Tax effect of temporary differences not recognised	**90**	(111)
Withholding tax	**576**	84
Tax reduction	**(1,143)**	–
Income tax expense	**4,593**	1,602

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's emoluments for the years, disclosed pursuant to the applicable Listing Rules and CO, is as follow:

For the year ended 31 December 2020

	Fees HKD'000	Salaries, bonuses and other benefits in kind HKD'000	Contributions to retirement benefits scheme HKD'000	Share-based payment expenses HKD'000	Total HKD'000
Executive directors					
Mr. Liang Jian *(Chairman and chief executive officer) (Note (i))*	–	1,001	18	1,547	2,566
Mr. Lau Fai Lawrence	–	442	18	–	460
Mr. Yu Qingrui ("**Mr. Yu**")	–	282	13	1,077	1,372
Mr. Cai Linzhan *(Note (ii))*	–	202	10	980	1,192
Mr. Wang Fei *(Note (iii))*	–	360	24	–	384
Mr. Siu Yun Fat *(Note (iv))*	–	3,346	20	1,077	4,443
Mr. Yu Zhenzhong *(Note (v))*	–	360	22	1,547	1,929
Sub-total	–	5,993	125	6,228	12,346
Independent non-executive directors					
Mr. Siu Siu Ling, Robert	268	–	–	–	268
Mr. Tam Tak Wah	1,339	–	–	–	1,339
Mr. Zheng Zongjia	130	–	–	–	130
Mr. Chen Pei *(Note (vi))*	–	–	–	–	–
Mr. Wang Ning *(Note (vi))*	125	–	–	–	125
Sub-total	1,862	–	–	–	1,862
Total	1,862	5,993	125	6,228	14,208

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

For the year ended 31 December 2019

	Fees HKD'000	Salaries, bonuses and other benefits in kind HKD'000	Contributions to retirement benefits scheme HKD'000	Share-based payment expenses HKD'000	Total HKD'000
Executive directors					
Mr. Liang Jian *(Chief executive officer) (Note (i))*	–	497	9	1,894	2,400
Mr. Lau Fai Lawrence	–	442	18	–	460
Mr. Yu	–	202	10	327	539
Mr. Cai Linzhan *(Note (ii))*	–	202	10	–	212
Mr. Wang Fei *(Chairman) (Note (iii))*	–	90	–	–	90
Mr. Siu Yun Fat *(Note (iv))*	–	1,346	18	327	1,691
Mr. Yu Zhenzhong *(Note (v))*	–	60	–	1,894	1,954
Sub-total	–	2,839	65	4,442	7,346
Independent non-executive directors					
Mr. Siu Siu Ling, Robert	268	–	–	–	268
Mr. Tam Tak Wah	1,339	–	–	–	1,339
Mr. Zheng Zongjia	130	–	–	–	130
Mr. Chen Pei *(Note (vi))*	–	–	–	–	–
Mr. Wang Ning *(Note (vi))*	31	–	–	–	31
Sub-total	1,768	–	–	–	1,768
Total	1,768	2,839	65	4,442	9,114

Notes:

(i) Mr. Liang Jian was appointed as executive director, vice chairman and chief executive officer of the Company on 13 March 2019. He was appointed as chairman of the Company with effective from 1 July 2020.

(ii) Mr. Cai Linzhan resigned as chief executive officer of the Company on 13 March 2019. He remains as executive director of the Company during the years ended 31 December 2019 and 2020.

(iii) Mr. Wang Fei was appointed as executive director and chairman of the Company on 13 March 2019. He resigned as chairman of the Company with effective from 1 July 2020. He remains as executive director of the Company during the year ended 31 December 2020.

(iv) Mr. Siu Yun Fat resigned as chairman of the Company on 13 March 2019. He remains as executive director of the Company during the years ended 31 December 2019 and 2020.

(v) Mr. Yu Zhenzhong was appointed as executive director and vice chairman of the Company on 13 March 2019.

(vi) Mr. Chen Pei and Mr. Wang Ning were appointed as independent non-executive directors of the Company on 13 March 2019 and 1 November 2019, respectively.

(vii) The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

(viii) The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

During the years ended 31 December 2020 and 2019, certain directors of the Company were granted share options, in respect of their services to the Group under the share option scheme of the Company. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions. Details of the share option scheme are set out in Note 34(a). The amount of the benefits in relation to the share options has been determined in the sole discretion of the board of directors.

During the year, Mr. Liang Jian and Mr. Yu Zhenzhong have waived all the share options granted to them, with an aggregate carrying amount of HKD6,808,000 (2019: Nil). Other than this, there was no arrangement under which directors or the chief executive of the Company waived or agreed to waive any remuneration during the year (2019: Nil).

During the year, no emoluments were paid by the Group to the directors or chief executive of the Company as an inducement to join, or upon joining the Group, or as compensation for loss of office.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three directors (2019: four directors), details of whose remuneration are set out in Note 12 above. Details of the remuneration for the year ended of the remaining two (2019: one) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2020 **HKD'000**	2019 HKD'000
Salaries, bonuses and other benefits in kind	**1,270**	1,071
Contributions to retirement benefits scheme	**38**	18
Share-based payment expenses	**1,987**	65
	3,295	1,154

The number of the highest paid employee(s) who is/are not the directors whose remuneration fell within the following bands is as follows:

	Number of employee(s)	
	2020	2019
HKD1,000,001 to HKD1,500,000	**–**	1
HKD1,500,001 to HKD2,000,000	**2**	–

During the year ended 31 December 2020, two (2019: one) non-director and non-chief executive highest paid employees were granted share options in respect of the services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 34(a). The amount of the benefits in relation to the share options has been determined in the sole discretion of the board of directors.

14. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

15. LOSS PER SHARE

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

	2020 HKD'000	2019 HKD'000
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(38,003)**	(53,991)

Number of shares

	2020 '000	2019 '000 (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**748,330**	616,058

The weighted average number of ordinary shares used to calculate the basic and diluted loss per share for both years have been adjusted to reflect the Share Consolidation and the Rights Issue (as defined in Note 32) during the year ended 31 December 2020. Accordingly, the basic and diluted loss per share for the year ended 31 December 2019 are restated.

The computation of diluted loss per share for both years did not assume the exercise of the Company's outstanding share options since it would result in a decrease in the loss per share. Therefore, the amount of diluted loss per share is the same as the amount of basic loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HKD'000	Leasehold improvements HKD'000	Motor vehicles HKD'000	Furniture, fixtures and office equipment HKD'000	Total HKD'000
Cost					
At 1 January 2019	–	15,343	3,344	299	18,986
Addition	–	–	804	511	1,315
At 31 December 2019 and 1 January 2020	**–**	**15,343**	**4,148**	**810**	**20,301**
Addition	**8,697**	**2,150**	**371**	**152**	**11,370**
Written-off	**–**	**(15,259)**	**–**	**(137)**	**(15,396)**
Disposal of subsidiaries *(Note 38)*	**(8,439)**	**(2,150)**	**–**	**(46)**	**(10,635)**
Exchange realignment	**16**	**–**	**22**	**34**	**72**
At 31 December 2020	**274**	**84**	**4,541**	**813**	**5,712**
Accumulated depreciation and impairments					
At 1 January 2019	–	15,343	1,639	178	17,160
Charged for the year	–	–	776	44	820
At 31 December 2019 and 1 January 2020	**–**	**15,343**	**2,415**	**222**	**17,980**
Charged for the year	**–**	**6**	**819**	**143**	**968**
Written-off	**–**	**(15,259)**	**–**	**(137)**	**(15,396)**
Disposal of subsidiaries *(Note 38)*	**–**	**(6)**	**–**	**(4)**	**(10)**
Exchange realignment	**–**	**–**	**3**	**6**	**9**
At 31 December 2020	**–**	**84**	**3,237**	**230**	**3,551**
Net carrying amount					
At 31 December 2020	**274**	**–**	**1,304**	**583**	**2,161**
At 31 December 2019	–	–	1,733	588	2,321

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Plant and machinery	10% to 30%
Leasehold improvements	Over the shorter of the lease terms or 20%
Motor vehicles	20% to 25%
Furniture, fixtures and office equipment	20% to 30%

During the year, the leasehold improvements and furniture, fixtures and office equipment in relation to a leased office premises expired during the year. Accordingly, the relevant fully-impaired leasehold improvements and furniture, fixtures and office equipment was written off (2019: Nil).

17. RIGHT-OF-USE ASSETS

	Staff quarter HKD'000	Office premises HKD'000	Production plant HKD'000	Total HKD'000
Cost				
At 1 January 2019	–	–	–	–
Additions	1,285	6,823	–	8,108
At 31 December 2019 and 1 January 2020	**1,285**	**6,823**	**–**	**8,108**
Additions	**–**	**–**	**6,818**	**6,818**
Early termination of a lease agreement	**(688)**	**–**	**–**	**(688)**
Exchange realignment	**–**	**20**	**407**	**427**
At 31 December 2020	**597**	**6,843**	**7,225**	**14,665**
Accumulated depreciation:				
At 1 January 2019	–	–	–	–
Charged for the year	354	1,659	–	2,013
At 31 December 2019 and 1 January 2020	**354**	**1,659**	**–**	**2,013**
Charged for the year	**413**	**3,405**	**341**	**4,159**
Early termination of a lease agreement	**(344)**	**–**	**–**	**(344)**
Exchange realignment	**–**	**20**	**20**	**40**
At 31 December 2020	**423**	**5,084**	**361**	**5,868**
Net carrying amount				
At 31 December 2020	**174**	**1,759**	**6,864**	**8,797**
At 31 December 2019	931	5,164	–	6,095

	2020 HKD'000	2019 HKD'000
Within financing cash flows – Fixed payments	**3,480**	2,466
Within operating cash flows – Expenses relating to short-term leases	**1,422**	1,157
Total cash outflow for leases	**4,902**	3,623

During the year, the Group leased staff quarter, office premises and production plant for its daily operations. Lease contracts were entered into for fixed term of 1 to 5 years.

18. INVESTMENT PROPERTIES – RESIDENTIAL UNITS LOCATED IN HONG KONG AND RETAIL UNITS LOCATED IN THE PRC

	2020 **HKD'000**	2019 HKD'000
Fair value		
At 1 January	**798,085**	678,000
Acquired through acquisition of a subsidiary *(Note 37)*	**–**	147,686
Changes in fair value recognised in profit or loss	**(3,125)**	(27,790)
Exchange realignment	**8,876**	189
At 31 December	**803,836**	798,085

	2020 **HKD'000**	2019 HKD'000
Hong Kong	**662,000**	664,000
The PRC	**141,836**	134,085
	803,836	798,085

The Group's properties interests held under operating lease to earn rentals or for capital appreciation purposes is measured using the fair value model and is classified and accounted for as investment properties.

At 31 December 2020, the Group's investment properties located in Hong Kong, with carrying amount amounting to approximately HKD283,000,000 (2019: HKD285,000,000), has been pledged to secure the bank borrowings and other borrowings granted to the Group (Notes 30 and 31). Another investment property located in Hong Kong, with carrying amount amounting to approximately HKD379,000,000 (2019: HKD379,000,000) has been pledged to secure the bank borrowings granted to the Group (Note 30) at 31 December 2020.

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties at 31 December 2020 and 2019 have been arrived at on the basis of a valuation carried out by Colliers International (Hong Kong) Limited ("**Colliers**"), a firm of independent qualified professional valuers, which is not connected to the Group. Colliers has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair value of investment properties is a level 3 fair value measurement. The reconciliation of the opening and closing fair value balance is shown as the above table.

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

18. INVESTMENT PROPERTIES – RESIDENTIAL UNITS LOCATED IN HONG KONG AND RETAIL UNITS LOCATED IN THE PRC *(Continued)*

Fair value measurement of the Group's investment properties *(Continued)*

Significant unobservable inputs	Range of unobservable inputs Hong Kong	The PRC	Relationship of unobservable inputs to fair value
Premium/(discount) on quality of properties (e.g. location, size and condition of the properties)	–10.22% to 74.83% (2019: 2.34% to 70.91%)	–22.96% to 6.08% (2019: –6.12% to 4.56%)	The higher/lower premium or lower/higher discount for the quality of the Group's properties, the higher/lower the fair value
Selling price per unit of market comparables, taking into account difference such as age and location	HKD32,742 to HKD53,654 (2019: HKD34,018 to HKD51,119) per square feet	Renminbi ("**RMB**") 45,085 (equivalent to approximately HKD53,737) to RMB55,264 (equivalent to approximately HKD65,869) (2019: RMB40,367 (equivalent to approximately HKD45,110) to RMB57,507 (equivalent to approximately HKD64,264)) per square meter	The higher/lower the selling price per unit of market comparables, the higher/lower the fair value

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the investment properties' highest and best use, which does not differ from their actual use.

During the years, there were no transfers into or out of Level 3 or any other Level.

19. INTEREST IN AN ASSOCIATE

	2020 HKD'000	2019 HKD'000
Cost of investment in an associate, unlisted	**559**	559
Share of accumulated losses of an associate	**(510)**	(139)
Exchange realignment	**9**	3
	58	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 HKD2,323,000) (2019: 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 of 揚州越界.

As at 31 December 2020, the Group had paid RMB500,000 (equivalent to approximately HKD559,000) (2019: RMB500,000 (equivalent to approximately HKD559,000)) in aggregate for the registered capital of 揚州越界. As at 31 December 2020, the Group shall pay the remaining registered capital amounting to RMB1,480,000 (equivalent to approximately HKD1,764,000) (2019: RMB1,480,000 (equivalent to approximately HKD1,654,000)) within two years after the date of issuance of business license as detailed in Note 39.

The particulars of the associate of the Group as at 31 December 2020 and 2019 were as follows:

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

19. INTEREST IN AN ASSOCIATE *(Continued)*

The financial information of 揚州越界, an immaterial associate of the Group as at 31 December 2020 and 2019, is set out below:

	2020 HKD'000	2019 HKD'000
The Group's share of loss and total comprehensive income for the year	**(371)**	(139)

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 HKD'000	2019 HKD'000
Listed securities, at fair value:		
Equity securities listed in Hong Kong	**220,117**	270,627

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

	2020 HKD'000	2019 HKD'000
At 1 January	**270,627**	698,020
Additions	**22,041**	–
Disposal	**(36,692)**	(54,562)
Changes in fair value through other comprehensive income	**(35,859)**	(372,831)
At 31 December	**220,117**	270,627

The balance as at 31 December 2020 represents three (2019: two) listed equity securities which are listed on the Stock Exchange, amounting to approximately HKD18,152,000 (2019: HKD28,252,000), HKD198,401,000 (2019: HKD242,375,000) and HKD3,564,000 (2019: Nil), namely Central Wealth Group Holdings Limited ("**Central Wealth**"), CMBC Capital Holdings Limited ("**CMBC Capital**") and Huasheng International Holding Limited, respectively, which were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature. The fair values of the listed equity securities investments were determined based on the quoted market closing prices on the Stock Exchange. During the year, the dividends received from these investments were approximately HKD5,196,000 (2019: HKD4,061,000).

During the year ended 31 December 2020, the Group decided to optimise its investment portfolio so as to enhance the financial and cash position of the Group. As a result, certain listed equity securities were sold at HKD36,692,000 and resulted in a cumulative fair value loss of approximately HKD109,796,000 reclassified to retained earnings/(accumulated losses).

During the year ended 31 December 2019, the Group sold part of its shares in CMBC Capital in order to strengthen the cash position of the Group for repayments of margin loans and use for future business plans. The shares were sold at approximately HKD54,562,000 and resulted in a cumulative fair value loss of approximately HKD145,431,000 reclassified to retained earnings.

At 31 December 2020, the Group's financial assets at FVTOCI, with carrying amount of approximately HKD209,397,000 (2019: HKD270,627,000), have been pledged to secure the other borrowings granted to the Group (Note 31).

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	**2020 HKD'000**	2019 HKD'000
Listed securities held for trading, at fair value:			
Equity securities listed in Hong Kong	(i)	**1,394**	26,350
Debt investment in film industry	(ii)	**–**	–
		1,394	26,350

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

	2020 HKD'000	2019 HKD'000
At 1 January	**26,350**	22,217
Additions	**2,556**	–
Disposals	**(14,593)**	–
Changes in fair value and net realised loss from disposals	**(12,919)**	4,133
At 31 December	**1,394**	26,350

The below table reconciled the debt investment in film industry:

	2020 HKD'000	2019 HKD'000
At 1 January	**–**	9,177
Changes in fair value	**–**	1,119
Settlement of debt investment	**–**	(10,296)
At 31 December	**–**	–

Notes:

(i) The fair values of the listed equity securities investments as at 31 December 2020 and 2019 were determined based on the quoted market closing prices on the Stock Exchange. During the year, the dividends received from these investments were approximately HKD2,000 (2019: Nil).

As at 31 December 2019, the Group's financial assets at FVTPL, with carrying amount of approximately HKD26,350,000, have been pledged to secure the other borrowings granted to the Group (Note 31). As at 31 December 2020, the Group's financial assets at FVTPL have not been pledged.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Notes: (Continued)

(ii) In prior year, one of the Group's loan due from an entity engaged in investment in film industry ("**Film Production Investor**") amounted to approximately United States dollars ("**USD**") 1,320,000 (equivalent to approximately HKD10,296,000) did not fulfill the contractual cash flow characteristics test specified in HKFRS 9, such loan has been classified as financial assets at FVTPL. The loan was unsecured, and bearing fixed interest rate at 8% per annum with upside return.

The Group was entitled an additional return (the "**Upside Return**") from the loan, with reference to sum received or receivable from the Film Production Investor in connection to the provision of distribution services of the film. After assessment on status of the distribution service, the management considered that it was remote to recognise the Upside Return during the year ended 31 December 2019.

During the year ended 31 December 2019, the Film Production Investor fully settled the outstanding balance. The change in fair value of financial assets at FVTPL was amounting to approximately HKD1,119,000.

22. INVENTORIES

	2020 **HKD'000**	2019 HKD'000
Robotic gripper	**1,866**	2,404
Raw materials	**1,500**	–
Work-in-progress	**2,813**	–
Finished goods	**4,402**	–
	10,581	2,404

23. LOAN AND INTEREST RECEIVABLES

	Notes	**2020** **HKD'000**	2019 HKD'000
Current		**39,564**	302,616
Non-current		**298,451**	–
		338,015	302,616
Representing:			
From investment in film industry (including interest receivables of approximately HKD1,441,000 (2019: HKD1,639,000))	(i)	**5,243**	10,706
From money lending business (including interest receivables of approximately HKD7,581,000 (2019: HKD6,187,000))	(ii)	**354,482**	312,187
Less: Allowance for credit losses		**(21,710)**	(20,277)
		332,772	291,910
		338,015	302,616

23. LOAN AND INTEREST RECEIVABLES *(Continued)*

Notes:

(i) From investment in film industry

In prior years, the Group entered into certain loan agreements to provide loans to the Film Production Investor for film distribution. As at 31 December 2020, one (2019: two) of the loans was still outstanding.

The loans to the Film Production Investor have generated interest income of approximately HKD476,000 during the year (2019: HKD878,000). As at 31 December 2020, the loan receivable and interest receivable due from the Film Production Investor were approximately USD488,000 (equivalent to approximately HKD3,802,000) and USD185,000 (equivalent to approximately HKD1,441,000), respectively (2019: USD1,163,000 (equivalent to approximately HKD9,067,000) and USD210,000 (equivalent to approximately HKD1,639,000)). The loan is unsecured, bears fixed interest rate at 12% (2019: ranging from 8% to 12%) per annum and interest accrued and principal are repayable on the third anniversary (2019: the second or third anniversary) of the date of the agreements or under the demand of the Group.

As at 31 December 2020 and 2019, Mr. Yu, a shareholder and an executive director of the Company, agreed to provide guarantee to the Group in respect of the abovementioned loans and related interest.

As at 31 December 2020, the outstanding loan was past due in October 2020 and is still unsettled up to the date of authorised these consolidated financial statements. In the opinion of the directors of the Company, the loan will be either directly settled from the Film Production Investor or the guarantor, Mr. Yu by June 2021.

The movement of the gross carrying amount of loan and interest receivables from investment in film industry is as follows:

	Stage 1 HKD'000	**Stage 2** HKD'000	**Stage 3** HKD'000	**Total** HKD'000
At 1 January 2019	10,880	–	–	10,880
Additions	1,329	–	–	1,329
Repayments	(1,503)	–	–	(1,503)
At 31 December 2019 and 1 January 2020	**10,706**	**–**	**–**	**10,706**
Transfer to lifetime ECL not credit impaired (Stage 2)	**(5,243)**	**5,243**	**–**	**–**
Additions	**476**	**–**	**–**	**476**
Repayments	**(5,939)**	**–**	**–**	**(5,939)**
At 31 December 2020	**–**	**5,243**	**–**	**5,243**

(ii) From money lending business

The loan receivables from 10 (2019: 4) independent borrowers bear fixed interest rates ranging from 5% to 8% (2019: at 8%) per annum and repayable according to the respective loan agreements. During the year ended 31 December 2020, 2 borrowers (2019: Nil) with loan receivables (net of allowance for credit loss) amounted to approximately HKD52,722,000 (2019: Nil) in aggregate provided several properties to the Group as collateral with fair value amounting to approximately RMB38,800,000 (equivalent to approximately HKD44,907,000) (2019: Nil) in aggregate. The loan receivables from the remaining 8 (2019: 4) borrowers with loan receivables (net of allowance for credit loss) amounted to approximately HKD280,050,000 (2019: HKD291,910,000) in aggregate are unsecured.

23. LOAN AND INTEREST RECEIVABLES *(Continued)*

Notes: (Continued)

(ii) From money lending business ***(Continued)***

The movement of the gross carrying amount of loan and interest receivables from money lending business is as follows:

	Stage 1 HKD'000	**Stage 2** HKD'000	**Stage 3** HKD'000	**Total** HKD'000
At 1 January 2019	439,225	–	–	439,225
Transfer to lifetime ECL not credit impaired (Stage 2)	(40,579)	40,579	–	–
Additions	214,361	–	–	214,361
Repayments	(314,820)	(26,579)	–	(341,399)
At 31 December 2019 and 1 January 2020	**298,187**	**14,000**	**–**	**312,187**
Additions	**154,885**	**–**	**–**	**154,885**
Repayments	**(98,590)**	**(14,000)**	**–**	**(112,590)**
At 31 December 2020	**354,482**	**–**	**–**	**354,482**

The movement of allowance for credit losses for loan and interest receivables from money lending business is as follows:

	Stage 1 HKD'000	**Stage 2** HKD'000	**Stage 3** HKD'000	**Total** HKD'000
At 1 January 2020	**19,368**	**909**	**–**	**20,277**
Additions	**8,039**	**–**	**–**	**8,039**
Repayments	**(7,587)**	**(909)**	**–**	**(8,496)**
Change in risk parameters	**1,890**	**–**	**–**	**1,890**
At 31 December 2020	**21,710**	**–**	**–**	**21,710**
ECL rate	**6.12%**	**–**	**–**	**6.12%**
At 1 January 2019	27,017	–	–	27,017
Transfer to lifetime ECL not credit impaired (Stage 2)	(2,614)	2,614	–	–
Additions	14,041	–	–	14,041
Repayments	(19,596)	(1,746)	–	(21,342)
Change in risk parameters	520	41	–	561
At 31 December 2019	19,368	909	–	20,277
ECL rate	6.49%	6.49%	–	6.49%

23. LOAN AND INTEREST RECEIVABLES *(Continued)*

Notes: (Continued)

(ii) From money lending business *(Continued)*

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

	2020 HKD'000	2019 HKD'000
On demand or within 1 year after the end of reporting period	**34,321**	291,910
More than one year, but not more than two years after the end of reporting period	**26,017**	–
More than two years, but not more than five years after the end of reporting period	**272,434**	–
	332,772	291,910

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

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

Mr. Yu is a common director of Central Wealth and the Company. Loan and interest 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:

	Maximum amount outstanding during the year HKD'000	**2020 HKD'000**	2019 HKD'000
Gross loans to Central Wealth (including interest receivables of approximately HKD6,000,000 (2019: HKD5,224,000))	242,000	**242,000**	220,224
Credit loss allowances on loans to Central Wealth (including credit loss allowances on interest receivables of approximately HKD412,000 (2019: HKD339,000))	16,618	**16,618**	14,304

24. DEFERRED TAX

Deferred tax assets

The movements in deferred tax assets during the year are as follows:–

	Credit loss allowances HKD'000
At 1 January 2019	5,453
Deferred tax charged to the profit or loss *(Note 11)*	(1,517)
At 31 December 2019 and 1 January 2020	**3,936**
Deferred tax credited to the profit or loss *(Note 11)*	**123**
At 31 December 2020	**4,059**

At the end of the reporting period, the Group had unused tax losses of approximately HKD132,685,000 (2019: HKD84,005,000) available to offset against future profits sourced in Hong Kong. Such unused tax losses are subject to the approval of the Hong Kong Inland Revenue Department and may be carried forward indefinitely. Also, at the end of the reporting period, the Group had unused tax losses of approximately RMB6,567,000 (equivalent to approximately HKD7,827,000) (2019: RMB2,150,000 (equivalent to approximately HKD2,402,000)) available to offset against future profits sourced in the PRC. Such unused tax losses are subject to the approval of the PRC tax authorities and can be carried forward for five years from the year when the corresponding loss was incurred. No deferred tax asset has been recognised due to unpredictability of future profit streams.

Deferred tax liabilities

Pursuant to the EIT Law, 10% withholding tax is imposed on dividends declared in respect of profits earned from 1 January 2008 onwards to non-PRC tax resident investors for the companies established in the PRC. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applicable. Temporary withholding tax differences relating to the undistributed profits of the PRC subsidiaries amounted to approximately RMB123,076,000 (equivalent to HKD137,337,000) (2019: approximately RMB120,617,000 (equivalent to HKD134,612,000)) as at 31 December 2020. As at 31 December 2020, deferred tax liabilities of approximately RMB12,308,000 (equivalent to HKD13,734,000) (2019: approximately RMB12,062,000 (equivalent to HKD13,461,000)) have not been recognised in respect of the tax that would be payable on the distribution of these retained earnings, as the Company is in a position to control the dividend policy of the PRC subsidiaries and it has been determined that it is probable that undistributed profits of the PRC subsidiaries will not be distributed in the foreseeable future.

25. TRADE, BILLS AND OTHER RECEIVABLES

	Notes	**2020 HKD'000**	2019 HKD'000
Trade receivables, gross		**43,994**	649
Less: Allowance for credit losses *(Note 45(b)(ii))*		**(128)**	–
Trade receivables, net	(i)	**43,866**	649
Bills receivables	(ii)	**24,027**	–
Deposit, prepayment and other receivables	(iii)	**13,900**	9,449
		81,793	10,098

Notes:

(i) Trade receivables

As at 31 December 2020, trade receivables mainly comprise amounts receivable from high technology business and trading business and related services (2019: trading business and related services). No interest was charged on trade receivables.

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

	2020 HKD'000	2019 HKD'000
0-30 days	**26,913**	195
31-90 days	**12,665**	432
91-180 days	**1,696**	–
181-360 days	**–**	22
Over 360 days	**2,720**	–
Less: Allowance for credit losses	**(128)**	–
	43,866	649

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

	2020 HKD'000	2019 HKD'000
Not yet past due	**336**	–
Less than 30 days past due	**26,558**	195
30 days to 90 days past due	**12,656**	433
More than 90 days past due	**4,316**	21
	43,866	649

Further details on the Group's credit policy are set out in Note 45(b)(ii).

25. TRADE, BILLS AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(ii) **Bills receivables**

The Group endorsed certain bill receivables (the "**Endorsed Bills**") with a carrying amount of approximately HKD23,872,000 (2019: Nil) as at 31 December 2020 to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**"). Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. However, in the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to the Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills as current assets and the associated trade payables as current liabilities. The aggregate carrying amount of trade payables under the Endorsement amounted to approximately HKD23,872,000 (2019: Nil) as at 31 December 2020 (Note 27(i)).

In the opinion of the directors of the Company, the fair values of these Endorsed Bills and the associated trade payables are approximately to their carrying amounts. Net position of the Group is nil (2019: Nil) as at 31 December 2020.

(iii) **Deposit, prepayment and other receivables**

As at 31 December 2020, the balance mainly comprised consideration receivables amounted to approximately HKD548,000 (2019: Nil) in relation to the disposal of 鉅合 (as defined in Note 38(b)), prepayments for inventories amounting to approximately HKD6,762,000 (2019: HKD4,165,000), rental income receivables in relation to investment properties in the PRC amounting to approximately HKD1,468,000 (2019: HKD827,000) and rental deposits paid amounting to approximately HKD1,100,000 (2019: HKD1,925,000).

26. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES

	2020 **HKD'000**	2019 HKD'000
Cash and bank balances *(Note (i))*	**12,155**	10,986
Pledged bank deposit *(Note (ii))*	**336**	1,410
	12,491	12,396

Notes:

(i) **Cash and bank balances**

Cash and bank balances represent cash at banks and on hand. Bank balances carry interest at floating rates based on daily bank deposit rate. The bank balances are deposited with creditworthy banks with no recent history of default.

At 31 December 2020, there was approximately HKD6,794,000 (2019: HKD53,000) denominated in RMB and deposited with banks in the PRC, RMB is not freely convertible into other currencies, however, under Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations in the PRC, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

(ii) **Pledged bank deposit**

As at 31 December 2020, a bank deposit in amount of Euro ("**EUR**") 35,000 (equivalent to approximately HKD336,000) (2019: EUR160,000 (equivalent to approximately HKD1,410,000)), carried average interest rate at 0.06% per annum, has been pledged to a bank for the issuance of a letter of guarantee for trading business.

27. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	Notes	2020 HKD'000	2019 HKD'000
Trade payables	(i)	**47,719**	–
Accruals		**10,369**	3,356
Government loans	(ii)	**10,445**	–
Rental deposits received		**1,575**	1,347
Other payables	(iii)	**2,885**	3,572
		72,993	8,275

Notes:

(i) Trade payables

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

	2020 HKD'000	2019 HKD'000
0-30 days	**38,931**	–
31-90 days	**3,502**	–
91-360 days	**3,267**	–
Over 360 days	**2,019**	–
	47,719	–

The aggregate carrying amount of trade payables under the Endorsement amounted to approximately HKD23,872,000 (2019: Nil) as at 31 December 2020, do not meet the de-recognition requirements in HKFRS 9. The corresponding financial assets are included in trade, bills and other receivables (Note 25(ii)).

(ii) Government loans

Government loans amounting to approximately RMB8,763,000 (equivalent to approximately HKD10,445,000) (2019: Nil) represented the government loans received by certain PRC subsidiaries of the Company during the year. Those PRC subsidiaries are required to fulfill certain financial and operating conditions for coming 3 years or 10 years since the date of the government loans agreements. If those PRC subsidiaries were able to fulfill those conditions, the government loans will be forgiven by the government at the end of the specified period. These government loans are charged at an interest rate according to the People's Bank of China. As at 31 December 2020, accrued interest of government loans amounting to approximately HKD405,000 (2019: Nil) was included in accruals.

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

At 31 December 2020, one of the government loans received by a PRC subsidiary amounting to approximately HKD9,491,000, is guaranteed by the legal representative of that PRC subsidiary.

27. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES *(Continued)*

Notes: (Continued)

(iii) Other payables

As at 31 December 2020, other payables included provision for expected credit loss on loan commitment amounted to approximately HKD2,885,000 (2019: HKD3,572,000) in relation to the undrawn loan commitment amounted to approximately HKD41,000,000 (2019: HKD55,000,000) granted to three (2019: one) borrowers.

	2020 **HKD'000**	2019 HKD'000
At 1 January	**3,572**	6,028
Addition due to new loan commitment granted	**1,573**	–
Reversal due to utilisation	**(2,465)**	(3,383)
Change in risk parameter	**205**	927
At 31 December	**2,885**	3,572

28. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Notes	**2020** **HKD'000**	2019 HKD'000
Contract assets	(i)	**8,594**	–
Contract liabilities	(ii)	**5,133**	3,014

Notes:

(i) Contract assets

The Group's retention receivables, arising from high technology business, represent certified contract payments in respect of products delivered, for which 10% of the contract value are withheld by customers for retention purposes, to secure the due performance of the contracts for a period of 12 months (defect liability period). The retention receivables are released to the Group pursuant to the provisions of the relevant contracts after the expiry of defect liability period and is consistent with market practice. In the opinion of the directors of the Company, the retention receivables will be received within 1 year and are classified as current assets in the consolidated statement of financial position.

Further details on the Group's credit policy are set out in Note 45(b)(ii).

(ii) Contract liabilities

Contract liabilities are arising from high technology business and trading business and related services. The Group typical receives a deposit from customers when they sign the contract with the Group and when the products are delivering to the customers. In the opinion of the directors of the Company, contract liabilities are expected to be recognised as revenue within one year.

Movement of contract liabilities is as follows:

	2020 **HKD'000**	2019 HKD'000
At 1 January	**3,014**	–
Decrease in contract liabilities as a result of being recognised as revenue during the year that was included in the contract liabilities at the beginning of the year	**(3,014)**	–
Increase in contract liabilities as a result of receipt of customer deposits during the year	**5,133**	3,014
At 31 December	**5,133**	3,014

29. LEASE LIABILITIES

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2020 HKD'000	2019 HKD'000
Lease liabilities payable:		
– Within one year	**4,011**	4,252
– Within a period of more than one year but not more than two years	**1,486**	1,787
– Within a period of more than two years but not more than five years	**4,210**	–
	9,707	6,039
Less: future finance charges	**(329)**	(224)
	9,378	5,815
Less: portion classified as current liabilities	**(3,877)**	(4,051)
Non-current liabilities	**5,501**	1,764

The Group has leases for staff quarter, office premises and production plant. These leases are reflected on the consolidated statement of financial position as right-of-use assets and lease liabilities. The Group classifies its right-of-use assets in a consistent manner to its staff quarter, office premises and production plant (Note 17).

Each lease generally imposes a restriction that the right-of-use asset can only be used by the Group. The leases do not contain any variable lease payment, extension options and termination option among the lease contracts.

The table below describes the nature of the Group's leasing activities recognised as right-of-use assets in the consolidated statement of financial position:

Right-of-use assets	**No. of lease**	**Remaining lease term (months)**
Staff quarter	1 (2019: 2)	7 (2019: 16 to 19)
Office premises	2 (2019: 2)	6 to 8 (2019: 18 to 20)
Production plant	1 (2019: Nil)	57 (2019: N/A)

30. BANK BORROWINGS

	2020 HKD'000	2019 HKD'000
Secured bank borrowings	**305,009**	312,369
Represented by:		
Carrying amount of the bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**215,520**	223,531
Carrying amount repayable within one year	**89,489**	88,838
	305,009	312,369

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

	2020 HKD'000	2019 HKD'000
Within one year	**89,489**	88,838
More than one year, but within two years	**9,849**	9,130
More than two years, but within five years	**30,797**	28,941
More than five years	**174,874**	185,460
	305,009	312,369

The bank borrowings bear interest at the bank's HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) or 2.5% per annum over HIBOR (1 week to 1 month) at 31 December 2020 (2019: the bank's HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) or 2.5% per annum over HIBOR (1 week to 1 month)). The weighted average effective interest rates per annum on the bank borrowings are as follows:

	2020	2019
Secured bank borrowings	**2.57% – 3.15%**	2.85% – 3.81%

At 31 December 2020, the Group's bank borrowings are secured by the investment properties amounting to approximately HKD662,000,000 (2019: HKD664,000,000) (Note 18).

31. OTHER BORROWINGS

	Notes	2020 HKD'000	2019 HKD'000
Other borrowings due to:			
Securities Broker A	(i)	**18,310**	32,291
Securities Broker B	(ii)	**90,493**	105,864
Securities Broker C	(iii)	**34,906**	34,906
		143,709	173,061

Notes:

(i) Securities Broker A

Golden Horse Hong Kong Investment Limited ("**Golden Horse**"), a wholly-owned subsidiary of the Group, entered into a margin loan account client agreement and certain amendment and restatement deeds (collectively, the "**Margin Loan Agreements A**") in prior years and during the year with Securities Broker A, an independent securities broker.

As at 31 December 2020, pursuant to the Margin Loan Agreements A, Securities Broker A provided a margin loan facility to the Group up to HKD60,000,000 (2019: HKD120,000,000) at an interest rate of 9.5% (2019: 9.5%) per annum payable in arrears.

At 31 December 2020, the Group has utilised approximately HKD18,310,000 (2019: HKD32,291,000) from the margin loan facility granted by Securities Broker A.

(ii) Securities Broker B

On 26 March 2018, Golden Horse entered into a margin loan account client agreement (the "**Margin Loan Agreement B**") with Securities Broker B, an independent securities broker. Pursuant to the Margin Loan Agreement B, Securities Broker B provided a margin loan facility to the Group up to HKD125,000,000 (2019: HKD125,000,000). At 31 December 2020, the Group has utilised approximately HKD90,493,000 (2019: HKD105,864,000) of the margin loan facility granted by Securities Broker B at an interest rate of 9% (2019: 9%) per annum.

(iii) Securities Broker C

On 8 June 2018, Golden Horse entered into a revolving loan account client agreement (the "**Revolving Loan Agreement**") with Securities Broker C, an independent authorised financial institution. Pursuant to the Revolving Loan Agreement, Securities Broker C provided a revolving loan facility to the Group up to HKD35,000,000 (2019: HKD35,000,000) at an interest rate of HKD Prime Rate – 2% per annum. At 31 December 2020, the Group has utilised approximately HKD34,906,000 (2019: HKD34,906,000) of the margin loan facility granted by Securities Broker C.

(iv) Central Wealth Securities Investment Limited (the "CWSI")

In 2018, the Company entered into certain services agreements with CWSI, a subsidiary of Central Wealth (the "**Margin Financier**"). Pursuant to the services agreements, the Margin Financier provided a margin loan facility to the Group with daily maximum amounts not exceeding HKD100,000,000 and margin loan interest not exceeding HKD8,000,000 per annum. The other borrowings due to the Margin Financier would be repayable on demand and may be varied or terminated in the absolute discretion of the Margin Financier. At 31 December 2019, such facility has not been utilised. During the year ended 31 December 2020, such facility has been expired.

31. OTHER BORROWINGS *(Continued)*

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

	Notes	**2020 HKD'000**	2019 HKD'000
Investment properties	18	**283,000**	285,000
Financial assets at FVTOCI	20	**209,397**	270,627
Financial assets at FVTPL	21	**–**	26,350

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

	2020 HKD'000	2019 HKD'000
Within one year or on demand	**143,709**	173,061

Partial of the other borrowings amounting to approximately HKD108,803,000 (2019: HKD138,155,000) are subject to the fulfilment of covenants, but certain covenants have not been fulfilled. The directors of the Company do not consider that it is probable that the securities brokers will exercise their discretion to demand immediate repayment. The directors of the Company believe that such other borrowings will be repaid in accordance with the scheduled repayment dates as determined by the agreements.

32. SHARE CAPITAL

	Number of ordinary shares *(Note (i))*	Number of preference shares	Amount HKD'000
Share capital			
Ordinary shares of HKD0.001 each (before Share Consolidation) and HKD0.02 each (after Share Consolidation)			
Authorised:			
At 1 January 2019, 31 December 2019 and 1 January 2020	249,480,000,000	520,000,000	250,000
Share consolidation *(Note (ii))*	**(237,006,000,000)**	**(494,000,000)**	**–**
At 31 December 2020	**12,474,000,000**	**26,000,000**	**250,000**
Issued and fully paid:			
At 1 January 2019	11,580,291,446	–	11,580
Issuance of shares upon allotment *(Note (iii))*	900,000,000	–	900
At 31 December 2019 and 1 January 2020	**12,480,291,446**	**–**	**12,480**
Issuance of shares upon exercise of share options *(Note (iv))*	**124,000,000**	**–**	**124**
Share consolidation *(Note (ii))*	**(11,974,076,874)**	**–**	**–**
Issuance of shares upon rights issue and placing *(Note (vi))*	**315,107,286**	**–**	**6,302**
At 31 December 2020	**945,321,858**	**–**	**18,906**

Notes:

(i) All the ordinary shares which were issued by the Company rank pari passu with each other in all respects.

(ii) 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 would 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.

(iii) On 27 February 2019, the Company entered into a subscription agreement with an independent third party, Victory Intelligence Industry Limited (the "**Subscriber**"). Pursuant to the subscription agreement, the Subscriber has conditionally agreed to subscribe up to 900,000,000 shares at the subscription price of HKD0.064 per subscription share of HKD0.001 each. The subscription shares were allotted and issued under the general mandate which was granted to the directors of the Company at the annual general meeting held on 31 May 2018. The subscription was completed on 13 March 2019. The net proceeds after deducting the subscription commission and other related expenses of approximately HKD83,000, amounted to approximately HKD57,517,000. Accordingly, the Company's share capital increased by HKD900,000 and the remaining balance of the net proceeds of approximately HKD56,617,000 was credited to the share premium account.

(iv) On 8 April 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 of HKD0.001 each was 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 approximately 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 options were immaterial.

32. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(v) On 18 March 2020, the Company entered into a placing agreement with CWSI, acting as a placing agent. Pursuant to the placing agreement, the Company conditionally agreed to place through CWSI up to 2,490,000,000 placing shares at the placing price of HKD0.014 per placing share to not less than six placees who and whose beneficial owners shall be independent third parties. The placing shares were issued under the general mandate which was granted to the directors at the annual general meeting of the Company held on 17 June 2019. The gross proceeds from the placing amounted to approximately HKD34,860,000. Due to market conditions, the Company and CWSI entered a deed of termination on 24 April 2020 and mutually agreed to terminate the placing agreement on the same date and neither parties shall have any claim against the others in respect of the placing. Therefore, no any placing shares were issued.

(vi) On 22 May 2020, the Company announced the proposed rights issue (the "**Rights Issue**") on the basis of one rights share ("**Right Share**") for every two consolidated shares at the subscription price of HKD0.18 per rights share (the "**Subscription Price**"). Pursuant to the placing agreement entered with an independent placing agent, Po Tai Securities (Hong Kong) Limited on 22 May 2020, the Company conditionally agreed to place through the placing agent for those unsubscribed Rights Shares at the placing price not less than the Subscription Price to the places who and whose ultimate beneficial owners are independent third parties.

The Rights Issue and the placing for those unsubscribed Rights Shares were completed on 17 August 2020, and 315,107,286 Rights Shares, including those unsubscribed Right Shares issued through placing, were allotted and issued to the shareholders accordingly. The net proceeds after deducting the related expenses approximately HKD2,912,000, amounted to approximately HKD53,807,000. Accordingly, the Company's share capital increased by approximately HKD6,302,000 and the remaining balance of the net proceeds of approximately HKD47,505,000 was credited to the share premium account.

33. RESERVES

The following describes the nature and purpose of each reserve within owners' equity

Reserves	**Description and purpose**
Share premium	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.
Share option reserve	Cumulative expenses recognised on the granting of share options over the vesting period.
Translation reserve	Cumulative gains/losses arising on retranslating the net assets of foreign operations into presentation currency.
Fair value reserve (non-cycling)	Gains/losses arising on recognising financial assets classified as FVTOCI.
Statutory reserve	In accordance with the Company Law of the PRC, the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in the PRC to the statutory reserve until the balance of the reserve fund reaches 50% of the entity's registered capital. The statutory reserve can be utilised to offset prior years' losses and may be capitalised as registered capital, provided that the remaining balance of the statutory reserve fund after such issue is no less than 25% of registered capital.

33. RESERVES *(Continued)*

The Company

	Share premium HKD'000 *(Note 33)*	**Share option reserve** HKD'000 *(Notes 33 & 34(a))*	**Accumulated losses** HKD'000	**Total** HKD'000
At 1 January 2019	1,423,404	23,559	(235,399)	1,211,564
Loss and total comprehensive loss for the year	–	–	(385,709)	(385,709)
Issuance of shares upon allotment, net of transaction costs *(Note 32(iii))*	56,617	–	–	56,617
Recognition of equity-settled share-based payments *(Note 34(a))*	–	17,893	–	17,893
Lapse of share options	–	(23,559)	23,559	–
At 31 December 2019 and 1 January 2020	**1,480,021**	**17,893**	**(597,549)**	**900,365**
Loss and total comprehensive loss for the year	**–**	**–**	**(94,590)**	**(94,590)**
Issuance of shares upon right issue and placing, net of transaction costs *(Note 32(vi))*	**47,505**	**–**	**–**	**47,505**
Recognition of equity-settled share-based payments *(Note 34(a))*	**–**	**17,498**	**–**	**17,498**
Exercise of share options *(Note 32(iv))*	**4,328**	**(980)**	**–**	**3,348**
Cancellation of share options *(Note 34(a))*	**–**	**(27,015)**	**27,015**	**–**
At 31 December 2020	**1,531,854**	**7,396**	**(665,124)**	**874,126**

34. SHARE OPTION SCHEME/EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) 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 purpose of the Scheme 2012 is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Scheme 2012, the Directors may, at their absolute discretion, invite any employee (whether full-time or part time, including any executive director), any non-executive director (including independent non-executive director), any supplier of goods or services to any member of the Group or any entity in which the Group holds any equity interest (the "**Invested Entity**"), any customer of the Group or any Invested Entity, any consultant, adviser, agent and contractor engaged by the Group or any Invested Entity, any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity to take up options to subscribe for shares in the Company representing up to a maximum 30% of the issued share capital of the Company from time to time and subject to renewal with shareholders' approval. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in any one year exceeding the higher of 0.1% of the Company's shares in issue and with a value in excess of HKD5,000,000 must be approved by the Company's shareholders. Options granted must be taken up within 28 days of the date of grant, upon payment of HKD1 per each grant of options. Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the Board but in any event not exceeding 10 years. The exercise price is determined by the directors and will be not less than the higher of the closing price of the Company's shares on the date of grant, the average closing prices of the shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

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 adjourned annual general meeting 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 Scheme 2012 shall not be exceed 10% of the shares of the Company in issue as at 30 June 2020.

The terms and conditions of the grants are as follows:

	Number of options (before adjustment in relation to the Share Consolidation and the Rights Issue)	Number of options (after adjustment in relation to the Share Consolidation and the Rights Issue)	Vesting conditions	Contractual life of options
Options granted to directors, employees and consultants – 26 March 2019	718,000,000	35,698,314	Fully vested on the first anniversary date from the date of grant	2 years
Options granted to consultants – 6 June 2019	440,000,000	21,876,404	Fully vested on the first anniversary date from the date of grant	2 years
Options granted to directors, employees and consultants – 27 March 2020	1,248,000,000	62,049,437	Fully vested on the date of grant	2 years

34. SHARE OPTION SCHEME/EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(a) Share option scheme *(Continued)*

The following table discloses details and movements of the Company's share options held by the directors of the Company, employees and consultants under the Scheme 2012 during the years ended 31 December 2020 and 2019:

	Date of grant	Exercise price HKD *(Note)*	Exercisable period	Outstanding at 1 January 2019	Granted during the year	Lapsed during the year	Outstanding at 31 December 2019	Granted during the year	Exercise during the year	Adjustment in relation to the Share Consolidation *(Note)*	Cancelled during the year before the Rights Issue	Adjustment in relation to the Rights Issue *(Note)*	Cancelled during the year after the Rights Issue	Outstanding at 31 December 2020
Directors	28 July 2017	N/A (2019: 0.127)	28 July 2017 to 27 July 2019	192,000,000	–	(192,000,000)	-	-	-	-	-	-	-	-
	26 March 2019	2.502 (2019: 0.124)	26 March 2020 to 25 March 2021	–	258,000,000	–	258,000,000	-	-	(245,100,000)	(11,000,000)	(10,676)	-	1,889,324
	27 March 2020	0.563 (2019: N/A)	27 March 2020 to 26 March 2022	–	–	–	-	620,000,000	-	(589,000,000)	(12,400,000)	(104,496)	-	18,495,504
Employees	28 July 2017	N/A (2019: 0.127)	28 July 2017 to 27 July 2019	64,000,000	–	(64,000,000)	-	-	-	-	-	-	-	-
	26 March 2019	2.502 (2019: 0.124)	26 March 2020 to 25 March 2021	–	20,000,000	–	20,000,000	-	-	(19,000,000)	-	(5,619)	-	994,381
	27 March 2020	0.563 (2019: N/A)	27 March 2020 to 26 March 2022	–	–	–	-	454,000,000	-	(431,300,000)	-	(127,531)	(16,009,549)	6,562,920
Consultants	28 July 2017	N/A (2019: 0.127)	28 July 2017 to 27 July 2019	384,000,000	–	(384,000,000)	-	-	-	-	-	-	-	-
	26 March 2019	2.502 (2019: 0.124)	26 March 2020 to 25 March 2021	–	440,000,000	–	440,000,000	-	-	(418,000,000)	-	(123,596)	(19,887,640)	1,988,764
	6 June 2019	1.605 (2019: 0.0798)	6 June 2020 to 5 June 2021	–	440,000,000	–	440,000,000	-	-	(418,000,000)	-	(123,596)	(18,893,258)	2,983,146
	27 March 2020	0.563 (2019: N/A)	27 March 2020 to 26 March 2022	–	–	–	-	174,000,000	(124,000,000)	(47,500,000)	-	(14,045)	(2,485,955)	-
				640,000,000	1,158,000,000	(640,000,000)	1,158,000,000	1,248,000,000	(124,000,000)	(2,167,900,000)	(23,400,000)	(509,559)	(57,276,402)	32,914,039

Note: The number of the outstanding share option and exercise price had been adjusted as a result of the Share Consolidation and the Rights Issue during the year ended 31 December 2020.

At 31 December 2020, the weighted average remaining contractual life of these outstanding share options is approximately 1.01 year (2019: 1.31 year), with a weighted average exercise price of HKD0.945 (2019: HKD0.107) per share option. At 31 December 2020, the number of exercisable share options was 32,914,039 (2019: Nil).

Certain share options were cancelled during the year as, in the opinion of the directors of the Company, such share options are not likely to be exercised in view that the market price of the shares of the Company is not probable to exceed the exercise price of the share option. Certain directors, employees and consultants agreed such cancellation in writing. Accordingly, share option reserve of approximately HKD27,015,000 (2019: Nil) was reclassified to retained earnings/(accumulated losses) during the year.

34. SHARE OPTION SCHEME/EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(a) Share option scheme *(Continued)*

During the year, the fair values of the share options were determined at the date of grant by using the Binomial Option Pricing Model, evaluated by Colliers (2019: Roma Appraisals Limited), a firm of independent professional valuers, with the following inputs:

	26 March 2019	6 June 2019	27 March 2020
Share price at date of grant	HKD0.104	HKD0.077	**HKD0.028**
Exercise price (before adjustment in relation to the Share Consolidation and the Rights Issue)	HKD0.124	HKD0.080	**HKD0.028**
Expected volatility	49.679%	53.739%	**53.120%**
Risk-free rate	1.385%	1.385%	**0.640%**
Expected dividend yield	0%	0%	**0%**
Expected life	2 years	2 years	**2 years**

Share options granted under the Scheme 2012 may be exercised at any time during the exercisable period.

The details of the fair value per option for options granted during the years ended 31 December 2020 and 2019 were set out below:

The fair value of options granted to directors, employees and consultants on 26 March 2019 amounting to approximately HKD16,134,000, of which HKD3,774,000 (2019: HKD12,360,000) was included in the profit or loss for the year. The fair value of share options granted to consultants on 6 June 2019 amounting to approximately HKD9,715,000, of which HKD4,182,000 (2019: HKD5,533,000) was included in the profit or loss for the year. The fair value of share options granted to directors, employees and consultants on 27 March 2020 amounting to approximately HKD9,542,000, of which the full amount was included in the profit or loss for the year (2019: Nil).

The consultants were engaged to advise on the business expansion through strategic development in different businesses. In the opinion of the directors of the Company, the fair value of services of the consultants cannot be measured reliably and the Group measured the services rendered the consultants with reference to the fair value of shares options granted.

34. SHARE OPTION SCHEME/EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(b) Equity settled share-based transactions

On 15 July 2015 (the "**Adoption Date**"), the directors of the Company adopted a share award scheme (the "**Share Award Scheme**") 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. A trustee is appointed by the Group for administering the Share Award Scheme.

Pursuant to the Share Award Scheme, the Company's shares may be acquired by the administration committee or the trustee at the cost of the Company. Such shares will be held in trust for the selected person until the vesting criteria and conditions have been satisfied.

The directors of the Company may, from time to time, at its sole and absolute discretion, select any executives, officers, directors, holders of any securities issued by any members of the Group and others of the Group (collectively referred to as "**Selected Person**") for participation in the Share Award Scheme and grant such number of awarded shares to any Selected Person of the Group at nil consideration. The directors of the Company are entitled to impose any conditions (including a period of continued services within the Group after the award) with respect to the vesting of the awarded shares.

The Share Award Scheme came into effect on the Adoption Date, and shall terminate on the earlier of (i) the tenth anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the directors of the Company.

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 schemes of the Company representing in aggregate over 30% of the shares in issue as at the date of such grant.

During the year, 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 year (2019: Nil).

No shares of the Company were held by the trustee of the Share Award Scheme as at 31 December 2020 and 2019.

35. PROMISSORY NOTE

	2020 **HKD'000**	2019 HKD'000
At 1 January	**–**	–
Addition for acquisition of assets through acquisition of a subsidiary *(Note 37)*	**–**	47,722
Imputed interest expenses recognised in profit or loss *(Note 9)*	**–**	368
Early redemption	**–**	(48,090)
At 31 December	**–**	–

On 31 July 2019, the Group completed the acquisition of entire equity interest in Rich Power International Holdings Limited ("**Rich Power**"), for a nominal consideration of HKD148,000,000. Part of the consideration was satisfied by the Group's issue of promissory notes in principal amount of HKD48,000,000.

The promissory note is bearing interest of 8% per annum and mature on 31 July 2021. The promissory notes can be early redeemed by the Company at all or part of the outstanding principal amount of the promissory note.

The promissory note is measured at fair value. The fair value of the promissory notes are determined at date of issuance with reference to a professional valuation performed by Royson Valuation Advisory Limited, a firm of independent financial professional valuers. The effective interest rate of the promissory note on initial recognition and the subsequent measurement of interest expense on the promissory note are calculated using effective interest rate of 8.5% per annum.

In September 2019, the promissory note was early redeemed by the Group with the balance of principal and interest of approximately HKD48,000,000 and HKD356,000 respectively, resulting in the loss on early redemption of promissory note which was approximately HKD266,000 and was recognised in the profit or loss during the year ended 31 December 2019.

36. ACQUISITION OF SUBSIDIARIES

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

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

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

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

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

	HKD'000
Cash consideration paid	**(3)**
Cash at bank acquired	**31**
Net cash inflow on acquisition	**28**

Notes:

(i) The gross contractual undiscounted balances amounted to approximately HKD4,240,000, which the fair values of these trade and other receivables at the acquisition date were estimated to be approximately HKD4,240,000. Trade and other receivables are due from various group of debtors and the directors of the Company consider the credit risk of these parties is low. The remaining balance included in trade and other receivables and prepayments, represents prepayments of approximately HKD1,546,000.

(ii) The non-controlling interests of 45% in 揚州哈工漫威 recognised at the acquisition date were measured at the non-controlling interests' proportionate share of the identifiable net assets of 揚州哈工漫威 at the acquisition date.

36. ACQUISITION OF SUBSIDIARIES *(Continued)*

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

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

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

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

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

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

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

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

36. 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", together with its non-wholly-owned subsidiaries, "哈工威達智能裝備 Group") *(Continued)*

Notes:

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

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

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

37. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

Acquisition of Rich Power

On 3 July 2019, Best Pacific Group Limited, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Mr. Lin Zherui and Mr. Weng Shiqing (the "**Vendors**"), the independent third parties, pursuant to which the Group agreed to acquire the entire issued share capital of Rich Power at a consideration of HKD148,000,000, which is settled by cash of HKD100,000,000 and a promissory note with principal amount of HKD48,000,000 issued by the Group. The acquisition was completed on 31 July 2019. Rich Power is principally engaged in the property investment business in the PRC. The acquisition had been accounted for as acquisition of assets.

37. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY *(Continued)*

Acquisition of Rich Power *(Continued)*

Assets acquired at 31 July 2019, the date of acquisition, were as follows:

	HKD'000
Investment properties *(Note 18)*	147,686
Cash at bank	36
Total consideration	147,722
Total consideration satisfied by:	
Cash *(Note)*	100,000
Promissory note at fair value *(Note 35)*	47,722
	147,722

Cashflow movement in relation to the acquisition during the year ended 31 December 2019:

	2019 HKD'000
Net cash consideration *(Note)*	489
Cash at bank acquired	(36)
Net cash outflow arising on acquisition of assets through acquisition of a subsidiary	453

Note: Pursuant to the sale and purchase agreement dated 3 July 2019, a sum of HKD50,000,000, being the initial deposit of the consideration, shall be paid to the Vendors within 10 business days from the date of agreement. The remaining cash consideration of HKD50,000,000 would be settled at the date of completion. Prior to the date of completion of the acquisition, the Group granted certain loans to the Vendors with the total outstanding principal and interest amounting to approximately HKD99,511,000 as at 31 July 2019. On 10 July 2019 and 31 July 2019 (date of completion), the Vendors and the Group agreed to set off the outstanding loans against (i) the initial deposit; and (ii) the remaining cash consideration, respectively, according to the payment set-off agreement. After the set-off arrangement, the remaining cash consideration due by the Group to the Vendors reduced to approximately HKD489,000, which was settled by the Group in cash in September 2019 together with the early redemption of the promissory note as detailed in Note 35.

38. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Future Finet Limited ("Future Finet")

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

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

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

	HKD'000
Property, plant and equipment *(Note 16)*	10,590
Inventories	407
Trade and other receivables	5,495
Cash and bank balances	6
Trade payables	(2,000)
Accruals and other payables	(8,887)
Amount due to ultimate holding company	(6,942)
Net liabilities of Future Finet disposed of	(1,331)
Non-controlling interests	634
Gain on disposal of a subsidiary	755
Assignment of amount due from a subsidiary to the Buyer	6,942
Total consideration to be satisfied by cash	7,000

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

	HKD'000
Cash consideration received	7,000
Cash at bank disposed of	(6)
Net cash inflow arising on disposal of a subsidiary	6,994

38. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of 鉅合(杭州)諮詢管理有限公司 ("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 agreed to dispose of its 51% equity interest in 鉅合 (representing the entire equity interest in 鉅合 held by the Group) with an aggregate cash consideration of RMB500,001 (equivalent to approximately HKD548,000). The disposal was completed on 21 April 2020.

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

	HKD'000
Property, plant and equipment *(Note 16)*	**35**
Trade and other receivables	**144**
Cash and bank balances	**521**
Accruals and other payables	**(395)**
Net assets of 鉅合 disposal of	**305**
Non-controlling interests *(Note (i))*	**25**
Gain on disposal of a subsidiary	**218**
Total consideration to be satisfied by cash *(Note (ii))*	**548**

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

	HKD'000
Cash at bank disposed of	**(521)**
Net cash outflow arising on disposal of subsidiary	**(521)**

Notes:

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

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

(ii) The consideration amounted to approximately HKD548,000 was included in other receivable as disclosed in Note 25(iii).

39. COMMITMENTS

(a) Operating lease – the Group as lessor

The Group leases its investment properties (Note 18) 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 tenant for the following futures minimum undiscounted lease payments:

	2020 **HKD'000**	2019 HKD'000
Within one year	**14,278**	4,722
Over one year but within two years	**4,904**	4,555
Over two years but within three years	**1,147**	1,555
Over three years but within four years	**677**	–
Over four years but within five years	**37**	–
	21,043	10,832

(b) Other commitment

Unpaid share capital for 揚州越界

For the 30% registered capital of RMB1,980,000 (equivalent to approximately HKD2,323,000) (2019: 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 HKD1,764,000) (2019: RMB1,480,000 (equivalent to approximately HKD1,654,000)) within two years after the date of issuance of business license on 16 October 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 2020 and 2019.

40. MATERIAL RELATED PARTY TRANSACTIONS AND DISCLOSURES

(a) Transactions with related parties

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

(i) During the year, 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, 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 RMB36,462,000 (equivalent to approximately HKD41,009,000) (2019: Nil) and outsourced the assembling work to and purchased raw materials from 成都焊研威達 of high technology business of approximately RMB55,185,000 (equivalent to approximately HKD62,067,000) (2019: Nil), 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.

(ii) During the year, 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, purchased inventory of high technology business from 成都廣泰威達數控技術股份有限公司 ("**成都廣泰威達**") of approximately RMB17,948,000 (equivalent to approximately HKD20,186,000) (2019: Nil), 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.

(b) Compensation to key management personnel

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

	2020 **HKD'000**	2019 HKD'000
Fees, salaries, bonuses and other benefits in kind	**8,895**	7,957
Contributions to retirement benefits scheme	**162**	264
Share-based payment expenses	**7,236**	4,442
	16,293	12,663

41. RETIREMENT BENEFITS PLANS

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Scheme Ordinance for all employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately.

The employees of the subsidiaries within the Group which operate in the PRC are required to participate in the central pension scheme operated by the local municipal government of the PRC. The central pension scheme is a defined contribution retirement plan and the PRC subsidiaries and their employees are required to contribute a percentage of their relevant income to the central pension scheme as specified by the local municipal government of the PRC.

The total cost charged to the profit or loss of approximately HKD430,000 (2019: HKD245,000) represents contributions payable to these schemes by the Group in respect of the current reporting period.

42. INTERESTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2020 and 2019 are as follows:

Name of subsidiary	Place of incorporation or establishment	Paid-up capital/ share capital	Proportion of effective ownership interest held by the Company				Proportion of effective voting power held by the Group				Principal activities and place of operation
			Directly		Indirectly		Directly		Indirectly		
			2020 %	2019 %	**2020 %**	2019 %	**2020 %**	2019 %	**2020 %**	2019 %	
Ever Good Industries (International) Limited	Hong Kong, limited liability	HKD100	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Inactive
Smart Prosper Enterprises (International) Limited	Hong Kong, limited liability	HKD100	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
Globally Finance Limited	Hong Kong, limited liability	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Provision of financing in Hong Kong
Golden Horse Hong Kong Investment Limited	Hong Kong, limited liability	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Securities trading and investment in Hong Kong
Innovation Time Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Bright Oriental Worldwide Limited	Hong Kong, limited liability	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Inactive
Sky Faith International Investment Limited	Hong Kong, limited liability	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Trading business in Hong Kong
Central Mark Group Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Skypark Developments Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
深圳未徠機器人有限公司	The PRC, limited liability *(Note (i))*	HKD10,000,000 (2019: HKD5,500,000) *(Note (v))*	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Trading of robots and related products in the PRC
Infinite Bright Limited	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Inactive
HK Ocean Wave Motion Pictures Limited	Hong Kong, limited liability	HKD100	**–**	–	**51%**	51%	**–**	–	**51%**	51%	Inactive
China Wisdom Group Limited	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment in film production in Hong Kong
Chinacorp (HK) Investment Limited	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Property investment in Hong Kong
Power Estate Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Success Estate Investments Limited	The BVI limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Future World Robotics Holdings Limited	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Inactive

42. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries as at 31 December 2020 and 2019 are as follows: *(Continued)*

Name of subsidiary	Place of incorporation or establishment	Paid-up capital/ share capital	Proportion of effective ownership interest held by the Company				Proportion of effective voting power held by the Group				Principal activities and place of operation
			Directly		Indirectly		Directly		Indirectly		
			2020 %	2019 %	**2020 %**	2019 %	**2020 %**	2019 %	**2020 %**	2019 %	
Alpha Idea Holdings Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Inactive
Future Finet Limited *(Note (iv))*	Hong Kong, limited liability	HKD1	**–**	100%	**–**	–	**–**	100%	**–**	–	Mask production
Wise Victory Group Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Pioneer Lion Limited	The BVI, limited liability	1 ordinary share of USD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
Best Pacific Global Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Oriental Creation Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Future World Securities Investment Limited (formerly known as Oriental Power Securities Incorporation Limited)	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Securities trading and investment in Hong Kong
Goodview Assets Limited	The BVI, limited liability	1 ordinary share of USD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Property Investment in Hong Kong
Hamin Technology (Hong Kong) Limited	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Trading of robotic gripper and copper cathodes in Hong Kong
Rich Power International Holdings Limited	Hong Kong, limited liability	HKD10	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Property Investment in the PRC
鉅合 (杭州) 咨詢管理有限公司 *(Note (iv))*	The PRC, limited liability *(Note (ii))*	N/A (2019: –) *(Note (v))*	**–**	–	**–**	51%	**–**	–	**–**	51%	Inactive
Future Fuhai International Limited	Hong Kong, limited liability	HKD2,000,000	**–**	–	**51%**	51%	**–**	–	**51%**	51%	Inactive
PT Future Fuhai Electric Technology	Indonesia, limited liability	– *(Note (v))*	**–**	–	**46%** *(Note (viii))*	46% *(Note (viii))*	**–**	–	**46%** *(Note (viii))*	46% *(Note (viii))*	Inactive
江蘇未徠哈工漫威機器人有限公司 *(Note (vii))*	The PRC, limited liability *(Note (iii))*	– *(Note (v))*	**–**	–	**55%**	–	**–**	–	**55%**	–	Artificial intelligence products and application solutions business in the PRC
江蘇未徠思路國際貿易有限公司 *(Note (vii))*	The PRC, limited liability *(Note (iii))*	– *(Note (v))*	**–**	–	**100%**	–	**–**	–	**100%**	–	Trading business in the PRC

42. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries as at 31 December 2020 and 2019 are as follows: *(Continued)*

Name of subsidiary	Place of incorporation or establishment	Paid-up capital/ share capital	Proportion of effective ownership interest held by the Company				Proportion of effective voting power held by the Group				Principal activities and place of operation
			Directly		Indirectly		Directly		Indirectly		
			2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	
			%	%	**%**	%	**%**	%	**%**	%	
上海祖昆夫特文化科技有限公司 *(Note (vi))*	The PRC, limited liability *(Note (iii))*	– *(Note (v))*	**–**	–	**51%**	–	**–**	–	**51%**	–	Trading of anime products in the PRC
合肥哈工威達智能裝備有限公司 *(Note (vii))*	The PRC, limited liability *(Note (iii))*	RMB7,357,000 *(Note (v))*	**–**	–	**100%**	–	**–**	–	**100%**	–	Investment holding
合肥哈工焊研威達自動化科技有限公司 *(Note (vii))*	The PRC, limited liability *(Note (iii))*	– *(Note (v))*	**–**	–	**51%**	–	**–**	–	**51%**	–	Intelligent industrial welding robots and equipment business in the PRC
合肥哈工廣泰數控科技有限公司 *(Note (vii))*	The PRC, limited liability *(Note (iii))*	– *(Note (v))*	**–**	–	**51%**	–	**–**	–	**51%**	–	Intelligent industrial welding robots and equipment business in the PRC
江蘇未徠棟楠科技有限公司 *(Note (vi))*	The PRC, limited liability *(Note (i))*	HKD9,000,000 *(Note (v))*	**–**	–	**100%**	–	**–**	–	**100%**	–	Investment holding
江蘇哈工能際新能源有限公司 *(Note (vi))*	The PRC, limited liability *(Note (iii))*	– *(Note (v))*	**–**	–	**51%**	–	**–**	–	**51%**	–	Inactive
Enlighten Cultural Future Limited *(Note (vi))*	Hong Kong, limited liability	HKD1	**–**	–	**100%**	–	**–**	–	**100%**	–	Inactive

Notes:

(i) The subsidiaries were established in the PRC as a wholly owned foreign enterprises under PRC law.

(ii) The subsidiaries were established in the PRC as a sino-foreign equity joint venture enterprises under PRC law.

(iii) The subsidiaries were established in the PRC as a domestic companies under PRC law.

(iv) These companies were disposed of during the year ended 31 December 2020. Please refer to Note 38 for details.

(v) The registered capital has not yet fully paid up during the year ended 31 December 2020. As at 31 December 2020, the Group had unpaid share capital of approximately HKD51,000,000, RMB109,513,000 (equivalent to approximately HKD130,529,000) and Rupiahs 27,000,000,000 (equivalent to approximately HKD14,850,000) (2019: HKD4,500,000, RMB5,100,000 (equivalent to approximately HKD5,699,000) and Rupiahs 27,000,000,000 (equivalent to approximately HKD15,120,000)) in aggregate for these subsidiaries.

(vi) The subsidiaries were incorporated during the year ended 31 December 2020.

(vii) The subsidiaries were acquired during the year ended 31 December 2020. Please refer to Note 36 for details.

(viii) Future Fuhai International Limited, a non-wholly-owned subsidiary of the Company, has 90% equity interest in PT Future Fuhai Electric Technology. Although the Group has effective equity interest in PT Future Fuhai Electric Technology of 46%, the directors of the Company concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of PT Future Fuhai Electric Technology through Future Fuhai International Limited.

None of the subsidiaries had issued any debt securities at 31 December 2020 and 2019.

42. INTERESTS IN SUBSIDIARIES *(Continued)*

As at 31 December 2020, (i) 合肥哈工焊研威達 and its subsidiary; and (ii) 江蘇未徠哈工漫威, have material non-controlling interests ("**NCI**"). The NCI of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

(i) 合肥哈工焊研威達 and its subsidiary

Summarised financial information in relation to 合肥哈工焊研威達 and its subsidiary for the period from 15 April 2020 to 31 December 2020, before intra-group eliminations, is presented below:

	HKD'000
As at 31 December 2020	
NCI percentage	49%
Current assets	78,991
Non-current assets	7,572
Current liabilities	(66,605)
Non-current liabilities	(5,501)
Net assets	14,457
Accumulated balance of NCI	7,084
For the period from 15 April 2020 to 31 December 2020	
Revenue	157,209
Profit for the period	13,457
Other comprehensive income for the period	820
Total comprehensive income for the period	14,277
Profit allocated to NCI for the period	6,594
Other comprehensive income allocated to NCI for the period	402
Total comprehensive income allocated to NCI for the period	6,996
Cash flows from operating activities	(9,888)
Cash flows from investing activities	(727)
Cash flows from financing activities	7,601
Net cash outflows	(3,014)

As 合肥哈工焊研威達 and its subsidiary were acquired through the acquisition of 哈工威達智能裝備 on 15 April 2020 as disclosed in Note 36(b), the financial information of 合肥哈工焊研威達 and its subsidiary for the year ended 31 December 2019 and the period from 1 January 2020 to 14 April 2020 are not presented.

42. INTERESTS IN SUBSIDIARIES *(Continued)*

(ii) 江蘇未徠哈工漫威

Summarised financial information in relation to 江蘇未徠哈工漫威 for the period from 17 March 2020 to 31 December 2020, before intra-group eliminations, is presented below:

	HKD'000
As at 31 December 2020	
NCI percentage	45%
Current assets	11,390
Current liabilities	(8,395)
Net assets	2,995
Accumulated balance of NCI	1,348
For the period from 17 March 2020 to 31 December 2020	
Revenue	23,149
Profit for the period	2,768
Other comprehensive income for the period	171
Total comprehensive income for the period	2,939
Profit allocated to NCI for the period	1,246
Other comprehensive income allocated to NCI for the period	77
Total comprehensive income allocated to NCI for the period	1,323
Cash flows from operating activities	3,178
Net cash inflows	3,178

As 江蘇未徠哈工漫威 was acquired on 17 March 2020 as disclosed in Note 36(a), the financial information of 江蘇未徠哈工漫威 for the year ended 31 December 2019 and the period from 1 January 2020 to 16 March 2020 are not presented.

43. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowings and other borrowings disclosed in Notes 30 and 31 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings/(accumulated losses).

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-back as well as the issue of new debt or the redemption of existing debt.

44. FINANCIAL INSTRUMENTS BY CATEGORY

	2020 **HKD'000**	2019 HKD'000
Financial assets		
At FVTOCI:		
Equity instruments	**220,117**	270,627
At FVTPL:		
Equity instruments	**1,394**	26,350
At amortised cost:		
Loan and interest receivables	**338,015**	302,616
Trade, bills and other receivables	**74,916**	6,820
Contract assets	**8,594**	–
Pledged bank deposits and cash and bank balances	**12,491**	12,396
	434,016	321,832
	655,527	618,809
Financial liabilities		
At amortised cost:		
Trade payables, accruals and other payables	**72,993**	8,275
Lease liabilities	**9,378**	5,815
Bank borrowings	**305,009**	312,369
Other borrowings	**143,709**	173,061
	531,089	499,520

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments including financial assets at FVTOCI, financial assets at FVTPL, loan and interest receivables, trade, bills and other receivables, contract assets, pledged bank deposits and cash and bank balances, trade payables, accruals and other payables, lease liabilities, bank borrowings and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. These has been no change to the Group's exposure or the manner in which it manages and measures the risk.

(a) Market risk

(i) Currency risk

The Group's exposure to currency risk is attributable to the pledged bank deposits and cash and bank balances is denominated in foreign currencies other than the functional currency of the group entity. The board of directors considers that the foreign currency exposure is minimal. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities other than the functional currency of the group entity at the end of the reporting period are as follows.

	2020 **HKD'000**	2019 HKD'000
Financial assets:		
Pledged bank deposits and cash and bank balances		
– RMB	**–**	53
– EUR	**336**	1,410
– USD	**97**	–

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Market risk *(Continued)*

(i) Currency risk (Continued)

Sensitivity analysis

Since HKD is pegged to USD, the relevant foreign currency risk is minimal. Accordingly, their fluctuation is excluded from the sensitivity analysis.

The Group is mainly exposed to the foreign currency risk of RMB and EUR. The following table details the Group's sensitivity analysis, the analysis assumes a 5% increase and decrease in foreign currency against the functional currency, with all other variable held constant. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated in monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an decrease in post-tax loss where foreign currency strengthens 5% against functional currency. For a 5% weakening of foreign currency against the functional currency, there would be equal and opposite impact on the post-tax loss and the balances below would be negative.

	2020		2019	
	Increase/ (decrease) in foreign exchange rate	**Decrease/ (increase) in post-tax loss HKD'000**	Increase/ (decrease) in foreign exchange rate	Decrease/ (increase) in post-tax loss HKD'000
RMB	**5%**	**–**	5%	3
	(5%)	**–**	(5%)	(3)
EUR	**5%**	**14**	5%	71
	(5%)	**(14)**	(5%)	(71)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Market risk *(Continued)*

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to its variable-rate bank balances and bank borrowings and other borrowings as detailed in Notes 26, 30 and 31 respectively. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note. The Group's bank balances are short-term in nature and the exposure of the interest rate is minimal.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of each reporting period. The analysis is prepared assuming these borrowings outstanding at the end of reporting period were outstanding for whole year. A 100 basis points increase or decrease in HIBOR and Prime rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest for the year.

	2020 HKD'000 (Increase)/ decrease in post-tax loss	2019 HKD'000 (Increase)/ decrease in post-tax loss
100 basis point increase	**(2,547)**	(2,608)
100 basis point decrease	**2,547**	2,608

(iii) Other price risk

Price risk on financial assets at FVTOCI and financial assets at FVTPL.

The Group is exposed to equity price risk through its financial assets at FVTOCI and financial assets at FVTPL. The Group's equity price risk is mainly concentrated on listed equity instruments quoted in the Stock Exchange. The management manages this exposure by closely monitoring the price risk and maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks of financial assets at FVTOCI and financial assets at FVTPL at the end of reporting period.

If the prices of the respective equity instruments had been 30% (2019: 40%) higher/lower and all other variables were held constant, post-tax loss for the year would decrease/increase by approximately HKD349,000 (2019: HKD8,801,000) as a result of the change in fair value of financial assets at FVTPL, and fair value reserve would increase/decrease by approximately HKD66,035,000 (2019: HKD90,389,000) as a result of the change in fair value of financial assets at FVTOCI.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk and impairment assessment

Risk management

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities. The carrying amounts of the financial assets represent the maximum exposure to credit risk.

Carrying amounts of the financial assets presented in the consolidated statement of financial position are net of impairment losses, if any. The Group minimises its exposure to the credit risk by rigorously selecting the counterparties, performing ongoing credit evaluation on the financial conditions of its debtors and tightly monitoring the ageing of the receivables. Follow-up actions are taken in case of overdue balances.

The credit risk on pledged bank deposits and bank balances is also limited because the Group's pledged bank deposits and bank balances are all deposited with major banks located in Hong Kong and the PRC.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

At 31 December 2020, the Group has concentration of credit risk as 67% (2019: 68%) and 75% (2019: 83%) of the gross loan and interest receivables were due from the Group's largest one and two debtors. The loan and interest receivables were due from 10 (2019: 4) debtors.

The Group has significant concentration risk on the largest customer as it represented 17% (2019: 49%) of the total revenue for the year.

The Group has two types of financial assets that are subject to the expected credit loss model:

– loan and interest receivables; and

– trade receivables and contract assets.

The bills receivables and pledged bank deposits and bank balances are also subject to the impairment requirements of HKFRS 9, however, as the counterparties are banks with high credit ratings assigned by international credit-rating agencies, the identified impairment loss was immaterial. Other receivables are due to various group of debtors and the directors of the Company consider the credit risk of these parties is low.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Impairment of financial assets

(i) Loan and interest receivables

Loan and interest receivables from investment in film industry

Loan and interest receivables from investment in film industry were due from the Film Production Investor and was past due in October 2020. The loan and interest receivables were guaranteed by Mr. Yu (the "**Guarantor**"), a shareholder and an executive director of the Company, as detailed in Note 23(i).

As at 31 December 2020 and 2019, in the opinion of the directors of the Company, the Guarantor has sufficient highly liquidity assets and is willing to settle the amount due from the Film Production Investor to the Group in the event of default. In this regard, the directors of the Company consider that the credit risk on the receivables are minimal and no credit loss allowance had been provided for the years ended 31 December 2020 and 2019.

Loan and interest receivables from money lending business

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group performs impairment assessment under ECL model on loan and interest receivables based on the credit spread at 12-month ECL.

The table below shows the credit quality and the maximum exposure to credit risk of loan and interest receivables from money lending business based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2020 and 2019. The amounts presented are gross carrying amounts for loan and interest receivables.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Impairment of financial assets (Continued)

(i) Loan and interest receivables *(Continued)*

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

	12-month ECLs	Lifetime ECLs		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HKD'000	HKD'000	HKD'000	HKD'000
At 31 December 2020				
Not yet past due	**354,482**	**–**	**–**	**354,482**
At 31 December 2019				
Not yet past due	298,187	–	–	298,187
Less than 30 days past due	–	–	–	–
30 days to 90 days past due	–	–	–	–
More than 90 days past due	–	14,000	–	14,000
	298,187	14,000	–	312,187

(ii) Trade receivables and contract assets

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on trade receivables and contract assets based on the lifetime ECLs.

The Group uses provision matrix to calculate ECL for trade receivables and contract assets. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to products delivered but 10% of the contract value are withheld by customers for retention purposes at the reporting date and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The estimated ECL loss rates are estimated based on the default rates from international crediting rating agencies for various industries of debtors, debtor's creditworthiness and ageing of trade receivables and are adjusted with forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The Group has identified the gross domestic product in the PRC to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Impairment of financial assets (Continued)

(ii) Trade receivables and contract assets *(Continued)*

On that basis, the credit loss allowances as at 31 December 2020 and 2019 was determined as follows for trade receivables:

	Expected loss rate	Gross carrying amount HKD'000	Loss allowance HKD'000	Net carrying amount HKD'000
At 31 December 2020				
Not yet past due	**0.00%**	**336**	**–**	**336**
Less than 30 days past due	**0.07%**	**26,577**	**(19)**	**26,558**
30 days to 90 days past due	**0.07%**	**12,665**	**(9)**	**12,656**
More than 90 days past due	**2.26%**	**4,416**	**(100)**	**4,316**
		43,994	**(128)**	**43,866**
At 31 December 2019				
Not yet past due	0.00%	–	–	–
Less than 30 days past due	0.00%	195	–	195
30 days to 90 days past due	0.00%	433	–	433
More than 90 days past due	0.00%	21	–	21
		649	–	649

Increase in credit loss allowances on trade receivables during the year is due to increase in gross carrying amount of trade receivables.

As at 31 December 2020, contract assets are due to various group of debtors and the directors of the Company consider the credit risk of these parties is low. As at 31 December 2020, no credit loss allowances on contract assets was provided (2019: Nil).

As at 31 December 2019, trade receivables are due to various group of debtors and the directors of the Company consider the credit risk of these parties is low. As at 31 December 2019, no credit loss allowances on the trade receivables was provided.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Impairment of financial assets (Continued)

(ii) Trade receivables and contract assets *(Continued)*

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

	Trade receivables HKD'000
At 1 January 2019, 31 December 2019 and 1 January 2020	–
Increase in loss allowance recognised in profit or loss during the year	125
Exchange realignment	3
At 31 December 2020	**128**

Impairment losses on trade receivables are included in provision for credit loss allowances on trade receivables, net under the consolidated statement of profit or loss and other comprehensive income.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Liquidity risk

The Group aims at maintaining a balance between continuity of funding and flexibility through maintaining sufficient cash and bank balances. As mentioned in Note 2, notwithstanding the Group resulted in net current liabilities of approximately HKD378,745,000 as at 31 December 2020, the Group monitored its compliance with covenants and repayment schedules of bank borrowings and other borrowings, and took measures to improve the Group's financial position. The directors of the Company have also reviewed the Group's working capital and capital expenditure requirements and determined that the Group has no significant liquidity risk.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The total undiscounted cash flows of each financial liability based on the earliest date on which the Company can be required to pay approximate to their carrying amounts at the end of the reporting period as follows:

	Weighted average interest rate per annum (%)	On demand or within one year HKD'000	Over one year but within two years HKD'000	Over two years but within five years HKD'000	Total contractual undiscounted cash flow HKD'000	Carrying amounts HKD'000
At 31 December 2020						
Trade payables and accruals and other payables	**–**	**72,993**	**–**	**–**	**72,993**	**72,993**
Lease liabilities	**2.71**	**4,011**	**1,486**	**4,210**	**9,707**	**9,378**
Bank borrowings	**2.82**	**305,009**	**–**	**–**	**305,009**	**305,009**
Other borrowings	**7.67**	**144,251**	**–**	**–**	**144,251**	**143,709**
		526,264	**1,486**	**4,210**	**531,960**	**531,089**
At 31 December 2019						
Accruals and other payables	–	8,275	–	–	8,275	8,275
Lease liabilities	5.16	4,252	1,787	–	6,039	5,815
Bank borrowings	3.10	322,218	–	–	322,218	312,369
Other borrowings	6.10	183,615	–	–	183,615	173,061
		518,360	1,787	–	520,147	499,520

46. 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).

Financial assets	Fair value as at 31 December 2020 HKD'000	Fair value as at 31 December 2019 HKD'000	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
Listed equity securities classified as financial assets at FVTOCI	**220,117**	270,627	Level 1	Quoted bid prices in an active market	N/A
Listed equity securities classified as financial assets at FVTPL	**1,394**	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 and prior year.

	Fair value hierarchy Level 1 HKD'000	Level 2 HKD'000	Level 3 HKD'000	Total HKD'000
At 31 December 2020				
Financial assets				
At FVTOCI	**220,117**	**–**	**–**	**220,117**
At FVTPL	**1,394**	**–**	**–**	**1,394**
At 31 December 2019				
Financial assets				
At FVTOCI	270,627	–	–	270,627
At FVTPL	26,350	–	–	26,350

Except as detailed in the above table, the directors of the Company consider that carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

47. MAJOR NON-CASH TRANSACTIONS

For the year ended 31 December 2019

(a) Partial cash consideration for the acquisition of Rich Power were offset by the outstanding balance of loan receivables from Mr. Lin Zherui and Mr. Weng Shiqing amounting to approximately HKD99,511,000 in aggregate. Details are set out in Note 37.

48. CASH FLOW INFORMATION

Reconciliation of liabilities from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes.

	Government loans included in trade payables, accruals and other payables HKD'000 *(Note 27)*	**Lease liabilities** HKD'000 *(Note 29)*	**Bank borrowings** HKD'000 *(Note 30)*	**Other borrowings** HKD'000 *(Note 31)*	**Promissory note** HKD'000 *(Note 35)*
At 1 January 2019	–	–	320,945	220,260	–
Changes from financing cash flows:					
Proceeds from bank loans	–	–	80,000	–	–
Proceeds from other borrowings	–	–	–	16,787	–
Repayment of bank loans	–	–	(88,576)	–	–
Repayment of other borrowings	–	–	–	(63,986)	–
Interest paid on bank and other borrowings	–	–	(10,821)	(15,486)	–
Repayment of lease liabilities – principal	–	(2,293)	–	–	–
Repayment of lease liabilities – interest	–	(173)	–	–	–
Repayment of promissory note – principal	–	–	–	–	(48,000)
Repayment of promissory note – interest	–	–	–	–	(356)
Total changes from financing cash flows	–	(2,466)	(19,397)	(62,685)	(48,356)
Other changes:					
Interest expenses *(Note 9)*	–	173	10,821	15,486	368
Addition of new lease *(Note 17)*	–	8,108	–	–	–
Addition of promissory note *(Note 35)*	–	–	–	–	47,722
Loss on early redemption of promissory note *(Note 35)*	–	–	–	–	266
Total other changes:	–	8,281	10,821	15,486	48,356
At 31 December 2019	–	5,815	312,369	173,061	–

48. CASH FLOW INFORMATION *(Continued)*

Reconciliation of liabilities from financing activities *(Continued)*

	Government loans included in trade payables, accruals and other payables HKD'000 *(Note 27)*	Lease liabilities HKD'000 *(Note 29)*	Bank borrowings HKD'000 *(Note 30)*	Other borrowings HKD'000 *(Note 31)*	Promissory note HKD'000 *(Note 35)*
At 1 January 2020	**–**	**5,815**	**312,369**	**173,061**	**–**
Changes from financing cash flows:					
Proceeds from bank loans	–	–	80,000	–	–
Proceeds from other borrowings	–	–	–	11,328	–
Repayment of bank loans	–	–	(87,360)	–	–
Repayment of other borrowings	–	–	–	(40,680)	–
Receipts of government loans	9,856	–	–	–	–
Interest paid on bank and other borrowings	–	–	(8,743)	(11,793)	–
Repayment of lease liabilities – principal	–	(3,266)	–	–	–
Repayment of lease liabilities – interest	–	(214)	–	–	–
Total changes from financing cash flows	9,856	(3,480)	(16,103)	(41,145)	–
Other changes:					
Interest expenses *(Note 9)*	382	214	8,743	11,793	–
Addition of new lease *(Note 17)*	–	6,818	–	–	–
Early termination of a lease agreement	–	(322)	–	–	–
Rent concession in relation to COVID-19 *(Note 8)*	–	(55)	–	–	–
Accrued interest included in accruals	(405)	–	–	–	–
Exchange realignment	612	388	–	–	–
Total other changes:	589	7,043	8,743	11,793	–
At 31 December 2020	**10,445**	**9,378**	**305,009**	**143,709**	**–**

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2020 HKD'000	2019 HKD'000
Non-current assets			
Property, plant and equipment		**48**	72
Interests in subsidiaries		**588,695**	401,414
		588,743	401,486
Current assets			
Other receivables		**87**	146
Amounts due from subsidiaries		**360,640**	594,674
Cash and bank balances		**1,058**	529
		361,785	595,349
Current liabilities			
Accruals and other payables		**5,399**	2,153
Amounts due to subsidiaries		**52,097**	81,837
		57,496	83,990
Net current assets		**304,289**	511,359
Net assets		**893,032**	912,845
Capital and reserves			
Share capital	32	**18,906**	12,480
Reserves	33	**874,126**	900,365
Total equity		**893,032**	912,845

The Company's statement of financial position was approved and authorised for issue by the board of directors on 30 March 2021 and is signed on its behalf by:

Siu Yun Fat
Director

Lau Fai Lawrence
Director

Five-year Financial Summary

RESULTS

	For the Year Ended 31 December				
	2020	2019	2018	2017	2016
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Revenue	**234,659**	80,916	39,674	86,599	78,369
(Loss)/Profit before income tax	**(26,557)**	(52,389)	(85,771)	468,234	128,063
Income tax (expense)/credit	**(4,593)**	(1,602)	5,931	13,605	(30,612)
(Loss)/Profit for the year	**(31,150)**	(53,991)	(79,840)	481,839	97,451

ASSETS AND LIABILITIES

	As at 31 December				
	2020	2019	2018	2017	2016
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Total assets	**1,491,896**	1,436,729	1,852,962	1,818,631	796,934
Total liabilities	**(538,663)**	(502,534)	(567,576)	(301,685)	(168,414)
Total equity	**953,233**	934,195	1,285,386	1,516,946	628,520