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)

2021
Annual Report

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Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liang Jian *(Chairman and Chief Executive Officer)*
Mr. Yu Zhenzhong *(Vice Chairman)*
Mr. Cai Linzhan
Mr. Lau Fai Lawrence
Ms. Liao Jianrong[1]
Mr. Siu Yun Fat[2]
Mr. Wang Fei[3]
Mr. Yu Qingrui

Independent Non-Executive Directors

Mr. Chen Pei
Mr. Siu Siu Ling, Robert
Mr. Tam Tak Wah
Mr. Wang Ning[4]
Mr. Zheng Zongjia

1. Appointed on 1 February 2022
2. Resigned on 31 December 2021
3. Resigned on 7 December 2021
4. Resigned on 1 June 2021

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 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 2021.

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) trading business and related services; (vi) securities brokerage business; (vii) investment in film industry; and (viii) licensing of e-commerce platform. The Group will continue to explore opportunities in these core businesses so as to create long-term value for its shareholders.

From year 2019, the Group has embarked on new strategic initiatives and developed the business in relation to high technology and related services business. The high technology business mainly revolves around industrial robot system, intelligence hardware for service robots, new energy transportation and entertainment technology.

Whilst the high technology business segment of the Group has continued to contribute to the Group, in light the disruption in global supply chain as a result of the COVID-19 pandemic and the increasing geopolitical tension between China and other countries and sanctions having imposed on various high technology China enterprises, the Group is in the course of reviewing its high technology business and it is expected that the revenue contribution by the high technology business segment of the Group in the forthcoming years may be much less in comparison with those in the previous years. The Company will continue to review its business portfolio and will make necessary adjustments to fit in the trading and economic environment that is in the interests of the Company and the Shareholders as a whole. Save for the development of securities brokerage and margin financing of FW Securities, as at the Latest Practicable Date, there is no particular concrete plan on the part of the Company to downsize, cease, disposal of, or expand any of its existing business.

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

Chairman’s Statement

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, 29 March 2022

FINANCIAL RESULTS

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

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

BUSINESS REVIEW

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

High Technology Business

Innovation and technology is an important growth engine for future economic development. Technology is leading the world into a new era, bringing with it a dramatic shift in the global economy. Leveraging on the expertise and experience of the directors and key management personnel, the Group has involved in high technology business from last year including but not limited to technology industry, intelligent robotics and related services and artificial intelligence products and application solutions. During the year ended 31 December 2021, revenue of approximately HKD48,728,000 was generated (2020: HKD180,358,000) and a loss of approximately HKD23,473,000 (2020: profit of approximately HKD21,823,000) was recorded for the segment of high technology business. The decrease in revenue was mainly due to disruption in global supply chain as a result of the COVID-19 pandemic. During the year ended 31 December 2021, the Group performed impairment review on non-financial assets of high technology business cash generating unit and provided of approximately HKD1,068,000 (2020: Nil) and HKD5,488,000 (2020: Nil) impairment loss on property, plant and equipment and right-of-use assets respectively.

During the year ended 31 December 2021, the revenue in high technology business were contributed by intelligent industrial welding robots and equipment business. The Group established a top welding tooling expert team for research and development, and be committed to the development, design, production and sales of a full range of non-standard customized positioner, all kinds of special welding and cutting tooling devices, and all kinds of unmanned and intelligent non-standard production lines. Our products will be applied to pressure vessels, low-temperature equipment, special vehicles, rail transit, offshore wind power, engineering machinery and other industries. In terms of artificial intelligence products and applications solutions business, the Group will continue to secure orders for our intelligent storage equipment business.

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

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

Properties investment

The Group is currently holding (i) two residential properties located in Hong Kong which are on No. 19, Cumberland Road, Kowloon Tong (approximate saleable area of 5,808 square feet) and No. 1, Lincoln Road, Kowloon Tong (approximate saleable area of 6,892 square feet); (ii) one commercial property located at G/F, No. 20 Kwun Chung Street, Kowloon, Hong Kong (approximate saleable area of 684 square feet with a yard of 96 squared feet); and (iii) 19 retail units in a development district known as "Fortune Town" (振業城) located at Henggang Road, Longgang District, Shenzhen, the PRC (中國深圳市龍崗區橫崗街道).

During the year ended 31 December 2021, the Group recorded rental income of approximately HKD7,016,000 (2020: HKD12,488,000) and fair value gain of approximately HKD16,368,000 (2020: fair value loss of approximately HKD3,125,000) arising from change in fair value of investment properties from the property investment segment.

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

Treasury business

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

Securities trading and investment business

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

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

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

Name of the investees	Number of shares held	Percentage of equity interests as at 31.12.2021	Original cost of the interest as at 31.12.2021	Market value of the interests as at 31.12.2021	Fair value (loss)/gain for the year	Release of fair value reserve/ Realised (loss)/gain for the year
			HKD'000	HKD'000	HKD'000	HKD'000
FVTOCI						
CMBC Capital (Stock code: 1141)	18,900,000	1,609%	397,119	91,287	(10,028)	(263,681)
Central Wealth (Stock code: 139)	422,085,316	2.643%	38,487	4,221	(4,221)	(34,561)
CA Cultural (Stock code: 1566)	4,000,000	0.406%	11,400	1,800	(9,600)	–
Subtotal			447,006	97,308	(23,849)	(298,242)
FVTPL						
Evergrande Vehicle (Stock code: 708)	400,000	0.004%	1,200	1,408	208	892
Securities bond issued by a PRC entity	N/A	N/A	5,385	5,390	5	–
Subtotal			6,585	6,798	213	892
Total			453,591	104,106	(23,636)	(297,350)

As at 31 December 2021, the Group held securities investment portfolio with market value of approximately HKD104,106,000 (HKD221,511,000). Except for the investment in CMBC Capital, at 31 December 2021, there were no other investments held by the Group of which value was more than 5% of the net assets of the Group. According to the disposal mandate approved by the shareholders of the Company at the extraordinary general meeting ("**EGM**") held on 18 August 2021, the Company was authorised to dispose of up to 1,111,230,000 shares of CMBC Capital for a period of 12 months after the conclusion of the EGM.

Performance and prospects of the major investees

CMBC Capital

CMBC Capital and its subsidiaries (the "**CMBC Capital Group**") was principally engaged in the business of brokerage and related services, securities investment and provision of finance. China Minsheng Banking Corporation Limited, one of the largest private banks in the PRC has indirect interest in over 60% of the issued shares capital of CMBC Capital as at 31 December 2021.

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

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

Central Wealth

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

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

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

CA Cultural

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

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

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

Evergrande Vehicle

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

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

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

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

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

Money lending business

The Group’s money lending business is conducted through its wholly-owned subsidiary Globally Finance Limited. (“**Globally Finance**”), a company incorporated in Hong Kong since early of 2015 in Hong Kong and Globally Finance holds valid Money Lender License under the Money Lenders Ordinance. Globally Finance is principally carrying out loan financing business by providing secured and unsecured loans to its customers.

Through the business and social networks of the management of the Company, Globally Finance would identify and be referred potential customers, which would be corporate customers including listed companies and individual customers with personal wealth. Globally Finance would then assess the credit of such potential customers based on its credit policy and procedure. The Group struck a successful balance by adhering to an effective comprehensive policy as well as prudent procedures relating to loan approvals, loan renewals, loan top-ups, loan recovery, loan compliance, monitoring and anti-money laundering.

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

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

As at 31 December 2021, the total gross loan and interest receivables amounted to HKD353,749,000 (2020: HKD354,482,000). The Group's five largest loan receivables and interest receivables amounted to approximately HKD319,005,000 or 90.2% of the Group's total loan receivables and interest receivables, of which approximately HKD243,420,000 or 68.8% was made to the largest customer. For more further information in relation to the loan and interest receivables, please refer to Note 23 to the consolidated financial statements.

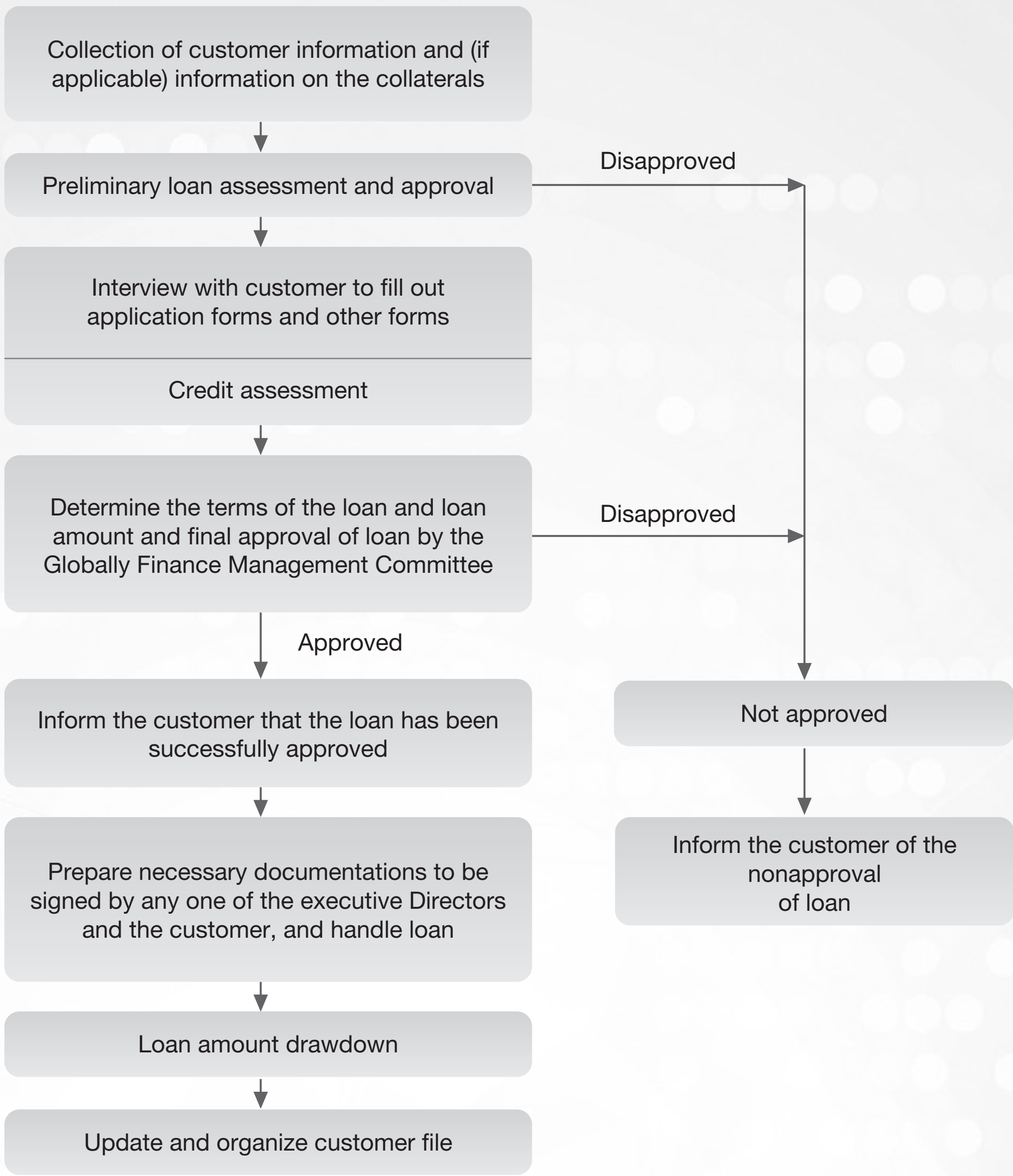
In order to minimize the risks faced associated with the business of Globally Finance, Globally Finance has adopted a set of credit policies and procedures. For the material lending transactions, Globally Finance shall conduct credit review procedures in accordance with the standard commercial practices for the purpose of determining of the ability of applicants to meet their financial obligations. Application must in the first place, abide by certain credit constraints before further process and being reviewed by the management committee of Globally Finance. Applicants will be required to submit all information necessary for conducting the reviews as required by Globally Finance. In assessing the credit application of the borrower, the following parameters must be reasonably taken into consideration:

A) the amount of Globally Finance's potential financial exposure associated with the applicant;

B) the repayment ability of the applicant;

C) the security provided and

D) others, e.g. external market condition, legal compliance etc.



Upon receiving all required application and supplemental information, Globally Finance will conduct a financial review to evaluate an applicant's financial viability and to determine an appropriate amount of credit limit. Interest rate posed on the approved loan amount be set with reference to the prevailing market rate, the level of risk involved in each case as well as the general economic and business environment. Interest rate shall not exceed the threshold set out in the Cap 163 Money Lenders Ordinance (Cap 163 of the Laws of Hong Kong).

During the year ended 31 December 2021, the Group assessed and estimated credit loss allowances for the loan and interest receivables according to the requirement of Hong Kong Financial Reporting Standard ("**HKFRS**") 9 issued by the Hong Kong Institute of Certified Public Accountants. General provision will not be provided for all loans outstanding. Only a specific provision will be provided if particular customer(s) are identified to be in financial difficulties and Globally Finance assesses that it is highly unlikely the loan can be recovered. For the loans which are classified as 'Loss' should be written off, and the final approval should be obtained from Globally Finance's management committee.

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

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

- The latest income proof
- Any material change in assets/liabilities
- Bank account statement
- Property land search report
- The latest company balance sheet and profit or loss.

Globally Finance will review the reported material changes in terms of their impact on a customer's financial capacity. Depending on the nature of these material changes, Globally Finance may find it necessary to reassess the customer's credit limit and collateral (if any) requirement.

Should Globally Finance decide, as a result of that review, to lower or terminate the credit facility to a customer, that customer would be required to supply additional financial assurance in the forms and amounts acceptable to Globally Finance to insure full coverage of the customer's total potential exposure.

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

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

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

Investment in film industry

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

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

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

Trading business and related services

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

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

During the year ended 31 December 2021, revenue of approximately HKD2,797,000 was generated (2020: HKD13,154,000) and a loss of approximately HKD1,813,000 (2020: HKD7,475,000) was recorded as a whole for the segment of trading business and related services. The Group will seek for business opportunities in the trading business.

Licensing of e-commerce platform

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

FINANCIAL REVIEW

Liquidity, financial resources and funding

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

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

The other borrowings are comprised of margin loans and revolving loan. The margin loan payables bear fixed interest at 7.5% per annum. The margin loan payables are repayable within one year and was guaranteed by the Company. The revolving loan bear fixed interest rate of the bank's HKD Prime Rate – 2% per annum. Details are set out in Note 31 to the consolidated financial statements.

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

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

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

Pledge of assets

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

As at 31 December 2021, the Group had pledged an investment property with carrying amount of HKD287,000,000 (2020: HKD283,000,000); the securities investment under FVTOCI of approximately HKD97,308,000 (2020: pledged the securities investment under FVTOCI of approximately HKD209,397,000); and the securities investment under FVTPV of approximately HKD6,798,000 (2020: Nil) to secure the other borrowings.

As at 31 December 2021, no bank deposit (2020: EUR35,000, equivalent to HKD336,000) has been pledged to a bank for the issuance of a letter of guarantee for trading business.

Foreign currency management

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

Litigations and contingencies

As at 31 December 2021, the Group had no significant litigations and contingencies.

EMPLOYEES AND REMUNERATION POLICIES

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

EXECUTIVE DIRECTORS

Mr. Liang Jian

Mr. Liang, aged 41, 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 42, 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 35, 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 50, 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 (in provisional liquidation) (stock code: 1192), Renco Holdings Group Limited (stock code: 2323, formerly known as HKBridge Financial Holdings Limited) and 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. He was appointed an independent non-executive director of Tenwow International Holdings Limited (former stock code: 1219) on 26 November 2018, the company was listed on the Main Board of the Stock Exchange before its cancellation of listing on 13 November 2020. 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.

Ms. Liao Jianrong

Ms. Liao, aged 51, has more than 20 years of experience in administration and human resource management, financial management and bank management sectors. Prior to joining the Group, Ms. Liao worked for several companies and entities such as Yongzhou Municipal Committee Policy Research Office and Changsha Bank. From May 2019 to May 2020, she worked for China Shandong Hi-Speed Financial Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 412), as an executive director. She has also acquired knowledge in investment and financing management and deep insights of the economic development.

Ms. Liao obtained a bachelor of national economic management from the Xiangtan University in China in June 2003 and a master of business administration from Asia International Open University (Macau) in November 2008. She was admitted as certified public accountant in China in May 1996.

Mr. Yu Qingrui

Mr. Yu, aged 50, 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 38, 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 69, 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 GEM of the Stock Exchange, and China Saite Group Company Limited (stock code: 153), a company listed on Main Board of the Stock Exchange. He has retired as an independent non-executive director of Kaisun Holdings Limited (stock code: 8203) in December 2020, a company listed on the GEM of the Stock Exchange.

Mr. Tam Tak Wah

Mr. Tam, aged 56, 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. 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. Zheng Zongjia

Mr. Zheng, aged 59, 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. Jin Yunlong

Mr. Jin, aged 58, 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 45, 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 62, 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 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding. Its subsidiaries are principally engaged in (i) high technology business, (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) trading business and related services; (vi) securities brokerage business; (vii) investment in film industry; and (viii) licensing of e-commerce platform, details of which are set out in Note 41 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 64 to 65.

DIVIDEND

No interim dividend was paid to the shareholders of the Company during the year (2020: Nil).

The Board does not recommend the payment of a final dividend for the year (2020: 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 172. 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 44 to the consolidated financial statements.

Capital Risk

– Details of capital risk are set out in Note 42 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 57.

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 2021 and the date of this report, the Company had 1,093,921,858 and 54,696,092 shares in issue respectively. Details of issued shares adjustment after the end of reporting period are set out in "Share consolidation" under "Events After The End of Reporting Period" below.

Share swap

On 24 August 2021, the Company has entered into a share swap agreement (the "**Share Swap Agreement**") with CA Cultural, a company incorporated in the Cayman Islands and listed on the Stock Exchange. Pursuant to the Share Swap Agreement, the Company shall subscribe for and CA Cultural shall allot and issue 4,000,000 shares of CA Cultural and CA Cultural shall subscribe for and the Company shall allot and issue 95,000,000 the Company's shares. The share swap was completed on 8 September 2021. 4,000,000 shares of CA Cultural were recognised as financial assets at fair value through other comprehensive income at HKD2.85 per share totaling HKD11,400,000. And the of issuance 95,000,000 shares amounted to HKD1,900,000 was credited to issued share capital and the remaining balance of HKD9,500,000 was credited to the share premium account.

Details of movements in the share capital of the Company are set out in Note 33 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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 2021 amounted to approximately HKD850,033,000 (2020: HKD866,730,000).

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 34 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 HKD10,000 (2020: HKD200,000).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue during the year attributable to the Group's five largest customers was 63.4% of the Group's total revenue, of which 28.6% was made to the largest customer.

The aggregate purchase during the year attributable to the Group's five largest suppliers was 50.4% of the Group's total purchase, of which 29.2% 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)*	
Mr. Yu Zhenzhong *(Vice Chairman)*	
Mr. Cai Linzhan	
Mr. Lau Fai Lawrence	
Ms. Liao Jianrong	*(appointed on 1 February 2022)*
Mr. Siu Yun Fat	*(resigned on 31 December 2021)*
Mr. Wang Fei	*(resigned on 7 December 2021)*
Mr. Yu Qingrui	

Independent Non-Executive Directors

Mr. Chen Pei	
Mr. Siu Siu Ling, Robert	
Mr. Tam Tak Wah	
Mr. Wang Ning	*(resigned on 1 June 2021)*
Mr. Zheng Zongjia	

During the year and up to the date of this report, Mr. Liang Jian, Mr. Yu Zhenzhong, Mr. Cai Linzhan 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 2021, 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
Yu Qingrui	Beneficial owner	2,670,221	16,065,168 *(Note 2)*	18,735,389	1.71%
Siu Yun Fat *(Note 1)*	Beneficial owner	3,440,000	6,665,168 *(Note 2)*	10,105,168	0.92%
Lau Fai Lawrence	Beneficial owner	–	9,900,000	9,900,000	0.91%
Cai Linzhan	Beneficial owner	1,614,457	6,665,168 *(Note 2)*	8,279,625	0.76%
Tam Tak Wah	Beneficial owner	13,367	–	13,367	0.001%

Note:

1. Mr. Siu Yun Fat has resigned as an executive director on 31 December 2021.

2. These interests represent options granted to the Directors as beneficial owners under the share option scheme of the Company adopted on 22 February 2012 and 30 June 2021. 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 2021, 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 an ordinary resolution passed at the extraordinary general meeting of the Company held on 22 February 2012, the Company adopted a share option scheme (the "**Scheme 2012**"). Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 30 June 2021, the Scheme 2012 was terminated and a new share option scheme (the "**Scheme 2021**") was adopted. The adoption of Scheme 2021 will not in any event affect the terms of the grant of such outstanding options that has already been granted under the Scheme 2012 and shall continue to be valid and subject to the provisions of Scheme 2012. The remaining life of the Scheme 2021, which will expire on 29 June 2031, is approximately less than 10 years from the date of this report.

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

Grantee	Date of grant	Exercise price per shares	Number of share options: As at 01.01.2021	Granted during the year	Exercised during the year	Lapsed during the year	As at 31.12.2021	Exercise period	Vesting date
Director									
Cai Linzhen	27.03.2020	0.563	6,165,168	–	–	–	6,165,168	27.03.2020 – 26.03.2022	27.03.2020
	21.05.2021	0.1254	–	9,400,000	(9,400,000)	–	–	21.05.2021 – 20.05.2023	21.05.2021
	17.09.2021	0.108	–	500,000	–	–	500,000	17.09.2021 – 16.09.2021	16.03.2022
Lau Fai Lawrence	17.09.2021	0.108	–	9,900,000	–	–	9,900,000	17.09.2021 – 16.09.2021	16.03.2022
Siu Yun Fat *(Note 1)*	26.03.2019	2.502	944,662	–	–	(944,662)	–	26.03.2019 – 25.03.2021	26.03.2020
	27.03.2020	0.563	6,165,168	–	–	–	6,165,168	27.03.2020 – 26.03.2022	27.03.2020
	21.05.2021	0.1254	–	9,400,000	(9,400,000)	–	–	21.05.2021 – 20.05.2023	21.05.2021
	17.09.2021	0.108	–	500,000	–	–	500,000	17.09.2021 – 16.09.2021	16.03.2022
Yu Qingrui	26.03.2019	2.502	944,662	–	–	(944,662)	–	26.03.2019 – 25.03.2021	26.03.2020
	27.03.2020	0.563	6,165,168	–	–	–	6,165,168	27.03.2020 – 26.03.2022	27.03.2020
	21.05.2021	0.1254	–	9,400,000	–	–	9,400,000	21.05.2021 – 20.05.2023	21.05.2021
	17.09.2021	0.108	–	500,000	–	–	500,000	17.09.2021 – 16.09.2021	16.03.2022
Director of subsidiary									
In aggregate	17.09.2021	0.108	–	29,700,000	–	–	29,700,000	17.09.2021 – 16.09.2021	16.03.2022
Employees									
In aggregate	26.03.2019	2.502	994,381	–	–	(994,381)	–	26.03.2019 – 25.03.2021	26.03.2020
	27.03.2020	0.563	6,562,920	–	–	–	6,562,920	27.03.2020 – 26.03.2022	27.03.2020
	21.05.2021	0.1254	–	25,400,000	(25,400,000)	–	–	21.05.2021 – 20.05.2023	21.05.2021
	17.09.2021	0.108	–	53,800,000	–	–	53,800,000	17.09.2021 – 16.09.2021	16.03.2022
Consultants									
In aggregate	26.03.2019	2.502	1,988,764	–	–	(1,988,764)	–	26.03.2019 – 25.03.2021	26.03.2020
	06.06.2019	1.605	2,983,146	–	–	(2,983,146)	–	06.06.2019 – 05.06.2021	06.06.2020
	21.05.2021	0.1254	–	9,400,000	(9,400,000)	–	–	21.05.2021 – 20.05.2023	21.05.2021
Total			32,914,039	157,900,000	(53,600,000)	(7,855,615)	129,358,424		

Notes:

1. Mr. Siu Yun Fat has resigned as an executive director on 31 December 2021.

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.

   The closing price of the shares immediately before 21 May 2021 was HKD0.123.

   The closing price of the shares immediately before 17 September 2021 was HKD0.105.

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.

At 31 December 2021, an aggregate of 129,358,424 shares are issuable for share options granted under the Scheme 2012 and Scheme 2021, representing approximately 11.83% of the total number of issued shares of the Company. The weighted average remaining contractual life of these outstanding share options is approximately 1.40 years (2020: 1.01 years).

Further details of the share option schemes of the Company are set out in Note 35 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 (2020: Nil). No share award has been granted, vested, lapsed and cancelled during the year (2020: Nil).

As at 31 December 2021, no shares of the Company were held by the trustee of the Share Award Scheme (31 December 2020: Nil).

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the sections "Share Option Scheme" and "Share Award Scheme" above and Note 35 "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 2021, 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
Harbin Industrial University (哈爾濱工業大學) ("**HIU**") *(Note 1)*	Interest of controlled corporation	189,080,000	17.28%
Harbin Industrial University Asset Investment Company Limited (哈爾濱工業大學資產投資經營有限責任公司) ("**HIU Asset**") *(Note 2)*	Interest of controlled corporation	189,080,000	17.28%
HIT Robot Group Co., Ltd (哈工大機器人集團股份有限公司) ("**HIT Robot Group**") *(Note 3)*	Interest of controlled corporations	189,080,000	17.28%
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 4)*	Interest of controlled corporations	189,080,000	17.28%
HRG Robotics International Limited ("**HRG Robotics**")	Beneficial owner	189,080,000	17.28%
CA Cultural Technology Group Limited ("**CA Cultural**") *(Note 5)*	Beneficial owner	95,000,000	8.68%
Zhang Xiao Jun	Beneficial owner	60,000,000	5.48%

Notes:

1. HIU Asset is a wholly-owned subsidiary of HIU, thus HIU is deemed to be interested in the 189,080,000 shares of the Company. Harbin Industrial University is state-owned corporation.

2. HIU Asset is a wholly-owned subsidiary of Harbin Industrial University, HIU Asset directly holds approximately 30.01% of the equity interest in HIT Robot Group. By virtue of the SFO, HIU Asset is deemed to be interested in the 189,080,000 shares of the Company.

3. 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.

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

5. CA Cultural is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1566).

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 2021 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 159,605,610 shares in Central Wealth respectively as at 31 December 2021 representing approximately 1.00% 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 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 17.28% 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 2021, 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.

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 2021.

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

Disposal of equity interests in a PRC subsidiary

On 10 January 2022, a wholly-owned subsidiary of the Company, 江蘇未徠棟楠科技有限公司 entered into a conditional sales and purchases agreement (the "**Sales and Purchases Agreement**") with an independent third party, 揚州桓武科技有限公司, a company incorporated in the PRC. Pursuant to the Sales and Purchases Agreement, 江蘇未徠棟楠科技有限公司 agreed to sell its 55% equity interest of 江蘇未徠哈工漫威機器人有限公司, represent the entire equity interest held by the Group, with consideration an aggregate consideration of RMB1 subject to and conditional upon the terms of the Sale and Purchase Agreement. As at 31 December 2021, 江蘇未徠棟楠科技有限公司 was the registered holder of 55% (2020: 55%) of the registered capital of 江蘇未徠哈工漫威機器人有限公司. As at the date of this report, the transaction has completed. Accordingly, 江蘇未徠哈工漫威機器人有限公司 ceased to be a subsidiary of the Group.

For further information in relation to the disposal, please refer to the announcement of the Company dated 10 January 2022.

Share consolidation

On 15 December 2021, the Company proposed to implement a share consolidation on the basis that every twenty 20 issued and unissued shares of HKD0.02 each will be consolidated into one consolidated share ("**Consolidation Shares**") of HKD0.4 each (the "**Share Consolidation**").

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

For further information in relation to the Share Consolidation, please refer to the announcements of the Company dated 15 December 2021 and 21 February 2022 and the circular of the Company dated 31 January 2022.

Proposed rights issue

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

The Proposed Rights Issue was approved by the shareholder of the Company at the extraordinary general meeting of the Company held on 21 February 2022. The Proposed Rights Issue was not completed as at the date of this report. Further details of the Proposed Rights Issue are set out in the Company's announcement dated 15 December 2021, 21 February 2022, 7 March 2022, 17 March 2022 and 18 March 2022 and the Company's circular dated 31 January 2022.

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
Lau Fai Lawrence
Director

Hong Kong, 29 March 2022

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 2021 as set out in Appendix 14 of the Listing Rules except for the following deviations:

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

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

BOARD OF DIRECTORS

As at 31 December 2021, the Board comprised ten Directors, six of which are Executive Directors, namely Mr. Liang Jian, Mr. Yu Zhenzhong, Mr. Cai Linzhan, Mr. Lau Fai Lawrence, Ms. Liao Jianrong and Mr. Yu Qingrui and four are Independent Non-executive Directors, namely Mr. Chen Pei, Mr. Siu Siu Ling, Robert, Mr. Tam Tak Wah and Mr. Zheng Zongjia.

Biographical details of the Directors are set out under the section "Biographical Details of Directors and Senior Management" on pages 16 to 19 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.

Appropriate insurance cover has been arranged by the Company in respect of potential legal action against its Directors and officers arising out of corporate activities of the Group.

ATTENDANCE OF DIRECTORS AND COMMITTEE MEMBERS

The following table summaries the attendance by individual Director and committee member at meetings in 2021:

	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	2/8	–	–	–	1/1	2/2
Mr. Yu Zhenzhong	2/8	–	–	–	1/1	2/2
Mr. Cai Linzhan	8/8	–	–	–	1/1	2/2
Mr. Lau Fai Lawrence	8/8	–	–	–	1/1	2/2
Mr. Siu Yun Fat[1]	8/8	–	–	–	1/1	2/2
Mr. Wang Fei[2]	2/7	–	–	–	1/1	2/2
Mr. Yu Qingrui	8/8	–	–	–	1/1	2/2
Independent Non-Executive Directors						
Mr. Chen Pei	2/8	–	–	–	1/1	2/2
Mr. Siu Siu Ling, Robert	3/8	2/2	1/1	1/1	1/1	2/2
Mr. Tam Tak Wah	3/8	2/2	1/1	1/1	1/1	2/2
Mr. Wang Ning[3]	1/4	–	–	–	–	–
Mr. Zheng Zongjia	3/8	2/2	1/1	1/1	1/1	2/2

Notes

1. Mr. Siu Yun Fat resigned as a Director on 31 December 2021

2. Mr. Wang Fei resigned as a Director on 7 December 2021

3. Mr. Wang Ning resigned as a Director on 1 June 2021

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year, 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 2021, 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 2020 and the interim report for the six months ended 30 June 2021 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 2021.

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 HKD950,000 and HKD436,000 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 2021. The non-audit services were mainly related to agreed-upon procedures on interim results, and acting as the reporting accountant for various circulars 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 2021, the scope of review included revenue cycle, expenditure cycle, cash management and financial reporting cycle for one of the subsidiaries with a principal activities of provision of financing. 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 2218, 22/F, The Metropolis Tower, 10 Metropolis Drive, Hung Hom, Kowloon, 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.

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.

STATEMENT FROM THE BOARD

2021 was an extraordinary year. In the midst of the complex business environment and novel coronavirus ("**COVID-19**") pandemic, the Group has devised counter measures, implemented COVID-19 safety measures and explored new business opportunities. We are proud that despite these challenging times, our staffs were able to uphold the core value of providing the best quality service and products to our customers. We are grateful to all of our staffs as well as partners for their continuous commitment in giving back to the community and supporting our clients. In 2021, the Group furthered reinforced the principle of sustainable development for all business lines. This was achieved through enhancing ESG internal controls, strengthening corporate governance and adopting ESG risk management in several key areas, namely, COVID-19 and climate-change.

With the advent of vaccines and temporary lockdowns, COVID-19 has been lingering in the society for a period of time and the safety of our work-force remains our utmost priority. The Management has assisted the Group in navigating through the pandemic. Every period, the Management communicate with employees of different business line to ensure that there are sufficient protection measures in each business division. The pandemic related contingency measures, health guidelines and safety measures in the working environment are periodically reviewed and updated according to the staff's feedback and the development of COVID-19 situation. This ensures that there will be minimal disruptions in the business operations.

The Group has furthered the initiative to manage climate-related risk which is instrumental for the Group's sustainable business development. In order to contribute to China and Hong Kong's goal to transform into a net-zero economy, the Group has devised a green environmental strategy that spans across all the business segments. The incorporation of green measures into key metrics has allowed the Group to gauge the effectiveness of our current environmental policies and to identify areas for improvements. The Group also works closely with partners and other stakeholders to influence them to become more environmentally friendly.

Going forward, the Group will focus on the green environmental strategy, protection of our staffs from the COVID-19 and new ESG opportunities. The Group looks forward to play a leading role in building a brighter and a sustainable future for the community.

REPORTING PRINCIPLE

Quantitative: In accordance with the "key performance indicators" of the ESG Reporting Guide as set out in Appendix 27 of the Listing Rules, 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 dimensions in 2021, and also the dilemmas encountered and improvement measures with a sense of responsibility.

Consistency: This report follows a consistent range of statistics and the statistics scope of 2021 corresponds with that in 2020.

Materiality: ESG issues that will affect a stakeholder or an investor's judgement shall be disclosed. This will be determined by the board and through the materiality assessment.

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 2021 to 31 December 2021 (the "**Reporting Period**").

The Group is principally engaged in (i) high technology business; (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) trading business and related services; (vi) securities brokerage business; (vii) investment in film industry; and (viii) licensing of e-commerce platform.

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

The information presented in the ESG Report included our Hung Hom office and three 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. This approach ensures that the Group can maintain a long-lasting relationship with our stakeholders and to achieve mutual benefits.

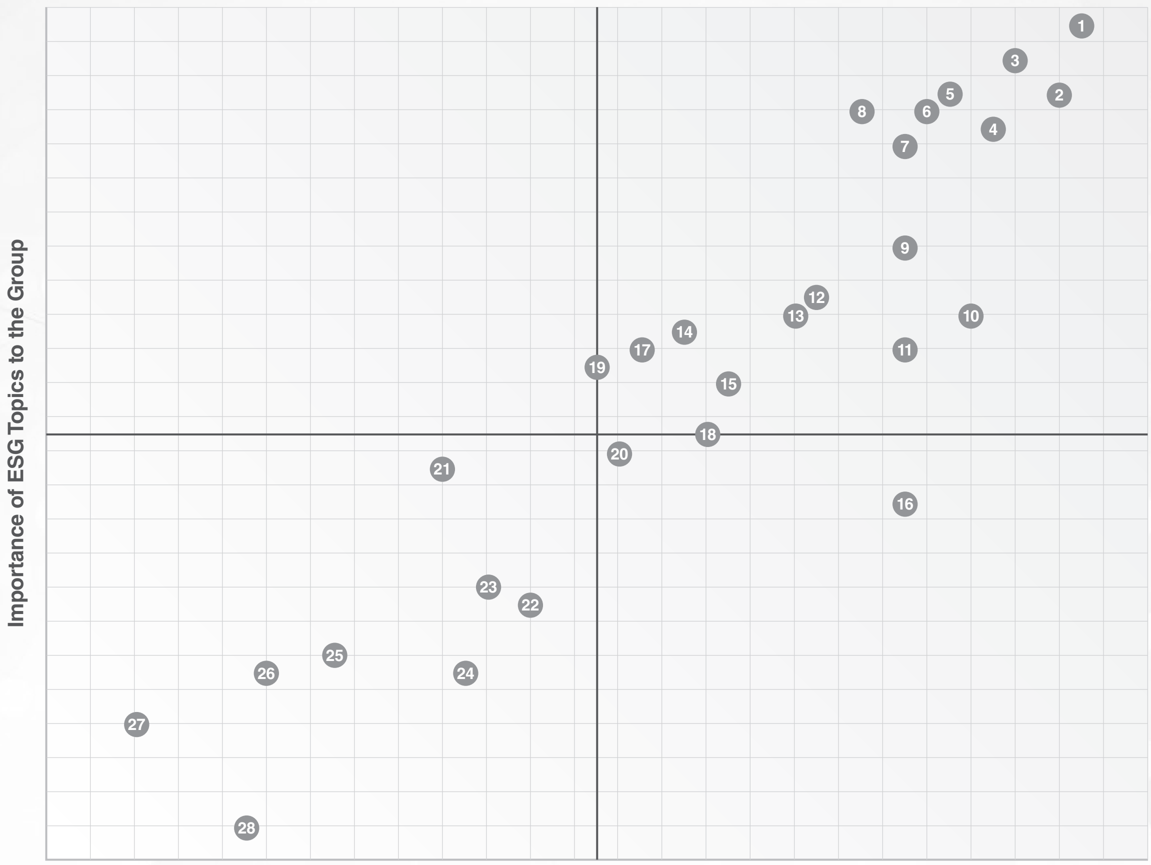
Stakeholders		Main interests and concerns	Communications Channels
Internal stakeholders	Shareholders	• Revenue and profit • Information disclosure and transparency • Financial stability	• Annual and Quarterly Reports • General Meetings • Corporate Announcements and Circulars
	Employees	• Training opportunities and career development • Employees' remuneration package and benefits • Health and safety of work environment	• Company events and activities • Regular meetings • Performance appraisal
External stakeholders	Customers	• Quality products and services • Customer satisfaction • Privacy Measures	• Customer satisfaction survey • Customer service hotline • E-mails
	Suppliers and business partners	• Long-term cooperation • Supplier's grading mechanism • Compliance with rules and regulation	• Conferences, telephone calls • Procurement meeting
	Local communities	• Corporate social responsibilities • Community interaction • Carbon footprint	• Community Events • Website • Volunteering activities
	Government and regulatory bodies	• Contribution to the "net-zero" climate change goal • Compliance with the laws and regulations • Promotion of regional economic development and employment	• Consultations • Institutional visits and inspections • E-mails • Information submission

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 states all related issues which are material 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.

Materiality Assessment Matrix



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

The top issues that stakeholders are the most concerned are positioned in the above ESG topic table in descending order. In 2021. the primary ESG areas that were focused on were customer satisfaction, number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering, and occupational health and safety.

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 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 were primarily generated 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 2020 and 2021

Air emissions	**Unit**	2020	**2021**	**Percentage change**
Nitrogen Oxides (NO_x)	kg	7.58	**7.02**	–7%
Particulate Matter (PM)	kg	0.56	**0.52**	–7%
Sulphur Oxides (SO_x)	kg	0.08	**0.07**	–13%
Total emissions from gaseous fuel consumption and vehicles	kg	8.22	**7.61**	–7%

Table 2 The Group's Total Greenhouse Gas Emissions by Category and Intensity in 2020 and 2021

GHG emissions	Unit	2020	2021	Percentage change
GHG emissions from Scope 1 – Direct emission	tCO_2e	14.14	**12.87**	–9%
GHG emissions from Scope 2 – Indirect emission*	tCO_2e	9.27	**44.39**	+379%
Total GHG emissions from Scope 1 and 2	tCO_2e	23.41	**57.26**	+145%
Intensity of total GHG emissions	tCO_2e/no. of employees	0.35	**1.08**	+205%

* *The significant increase in GHG emissions from Scope 2 is due to the large demand of electricity usage to support our business expansion in PRC.*

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 small portion relative to our business activities and is considered immaterial in terms 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 2020 and 2021

Energy consumption	Unit	2020	2021	Percentage change
Fuel	kWh	52,133.01	**46,906.21**	–10%
Electricity*	kWh	11,371.43	**74,637.54**	+556%
Total energy consumption	kWh	63,504.44	**121,543.75**	+91%
Intensity of total energy consumption	kWh/no. of employees	962.19	**2,293.40**	+138%

* *Due to the business expansion in PRC during the Reporting Period, there had been a significant increase in the usage of electricity.*

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. Water consumption data are not available to the individual tenants in the Hong Kong office since it is directly managed by the building management office. Water consumption in PRC offices were only accounted for as shown below:

Table 4 The Group's Total Water consumption by Intensity in 2020 and 2021

Water consumption	**Unit**	2020	**2021**	**Percentage change**
Total water consumption	m^3	717	**474**	–34%
Intensity of water consumption	m^3/no. of employees	10.86	**8.93**	–18%

Compared the figure in 2020, the total water consumption decreased due to the implementation of effective water conservation measures as exhibited below:

- 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.

A4 Climate Change

The COP26 (United Nations Climate Change Conference) concluded in November 2021 with new building blocks to further the Paris Agreement. As every nation has stepped up their efforts to address the challenges caused by climate change, the Group has also been closely monitoring the climate-related risk and exploring new opportunities. If there are any high-risk areas, the Group will prioritize resources to address and mitigate these risks. The Group's approach to the climate risk assessment falls under two categories, namely, physical risk and transition risk.

Physical risk

Acute physical risk: Acute physical risk arises from event-driven weather related events, such as typhoons, tsunamis and thunder storms. The service related business segments including provision of financing services, securities trading and investment, investment in film industry, trading business and related services and licensing of e-commerce platform would likely be impacted by these weather events. However, damage to our properties in our property investment business or damage to our inventory of the technology business may occur to an extent. In addition, there could also be temporary business disruptions which would affect our relationship with the customer. Contingency plans have been developed to mitigate the potential impact of various weather events to lower the resilient risk.

Chronic: Chronic physical risk arises from the longer term changes in climate patterns. For example, this includes reduced precipitations, increase in the average temperature and the rise in sea level. Similar to the acute physical risk, the service orientated business segments will be subject to a lower chronic physical risk. Relative to the aforementioned business segments, the technology business may be slightly impacted has our products may need be catered to the changes in the environment. As a result, the Group has taken into account of the potential impacts of climate pattern changes in the business.

Transition risk

Policy and legal risk: With the net-zero initiative in our business's operation region, the Group anticipates there could be new regulatory changes in the operating environment. The service related business segments are less likely to be subjected to these environmental policies. Although the Group does produce technological products for the customers, the process does not involve in generating large amount of pollutants or rely on the large quantity of natural resources. As a result, the policy and legal risk is regarded as low.

Technology risk: The Group strives to leverage on technology to not only reduce the impact on the environment but also to invent new ways to deliver an innovative solution for our large clientele. Since the technology in our business operation in particular the technology business utilizes low-emission production methods and machinery, the technology risk would be relatively low.

Market Risk: The Group understands that the innovation and technology is a vital growth engine for the future sustainable economic development, and an important role in reducing the overall carbon footprint in the economy. There is growing trend in the integration of technologies into a company's operating environment and hence, the Group is currently focusing in this area. The market risk is relatively low as the company has already furthered its position in this industry.

Reputational Risk: Overall, the Group's business operation does not utilize large amount of natural resources or emit significant amount of pollutants into the atmosphere. With the large proportion of the revenue from the technology industry, the reputational risk is regarded as low.

B. SOCIAL ASPECT

B1 Employment

As an employer, we believe that a diverse work environment will fuel innovation and ideas which is essential 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 that working in a diverse and harmonious environment are the building blocks of attaining our corporate goal – to deliver the best services in terms of cost, quality and products to our customers. The Group will continue to strive for gender diversity across different positions and levels. The Group had a total of 53 employees at the end of the Reporting Period. The total workforce categorised by (i) gender, (ii) employment category, (iii) age group and (iv) geographical region are exhibited below:

Table 5 The Group's Total Workforce by Gender, Employment Category, Age Group and Geographical Region in 2021

Total Employment	Categories	2021
Gender	Male	**41**
	Female	**12**
Employment category	Full time	**46**
	Part time	**7**
Age group	Below 30	**6**
	30 – 50	**36**
	Above 50	**11**
Geographical region	Mainland China	**33**
	Hong Kong	**20**

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 families and friends.

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, which helps foster better collaboration, positive work relationship and work performance.

B1.2 Employee Turnover

During the Reporting Period, the Group's overall employee turnover rate was approximately 81%. A relatively high turnover rate was recorded due to the expansion of the 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, (ii) age group and (iii) geographical region:

Table 6 The Group's Employee Turnover Rate by Gender, Age Group and Geographical Region in 2021

Percentage of Turnover rate	Categories	2021
Gender	Male	**93%**
	Female	**83%**
Age group	Below 30	**133%**
	30 – 50	**97%**
	Above 50	**45%**
Geographical region	Mainland China	**130%**
	Hong Kong	**25%**
Overall employee turnover rate		**81%**

Moreover, the Group commits to provide a vast range of employment benefits 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 safety of our employees remains our utmost priority. As to mitigate the impact of COVID-19, the Group has implemented precautionary 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
- Employees were provided with work from home arrangements.

During the Reporting Period and the past three years, 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's selection on 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 percentage of total employees who took part in training in 2021 is 15%. The tables below show (i) the breakdown of total employees trained by gender and employment category and (ii) the average training hours completed per employee by gender and employment category:

Table 7 Breakdown of Total Employees Trained by Gender and Employee Category in 2021

Breakdown of total employees trained	Category	Units	2021
Gender	Male	%	**87%**
	Female		**13%**
Employment category	Senior management	%	**25%**
	Middle management		**12%**
	Frontline and other employees		**63%**

Table 8 Average Training Hours Completed Per Employee by Gender and Employee Category in 2021

Average training hours completed per employee	Category	Units	2021
Gender	Male	hours	**5.63**
	Female		**2.75**
Employment category	Senior management	hours	**5.50**
	Middle management		**4.13**
	Frontline and other employees		**5.00**
Overall average training hours completed per employee		hours	**4.98**

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. In 2021, the Group partnered with 164 key suppliers in total. By referring to the primary location in which products and services are provided by suppliers, 162 and 2 are located in PRC and Hong Kong respectively.

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.

All types of intellectual properties are protected as well as managed under the Group's senior management. Under our intellectual property management system, the Group regularly review, amend and enhance the intellectual property protection measures. The Group has obtained a license for the use of third-party software, information and other relevant products.

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. Although COVID-19 has suspended the in-person seminars and training sessions on anti-corruption, our directors and employees were encouraged to review online materials and industry reports prepared by regulatory authorities. Going forward, the Group will continue to explore the different platforms of delivering formal anti-corruption training for our workforce.

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)

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. 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 HKD10,000 to The Hong Kong Girl Guides Association (香港女童軍總會), and provided a vast supply of medical mask to the following associations as part of our COVID-19 initiatives:

- Ming Tak Buddhist Association Limited (明德佛堂有限公司) with 7 containers of medical masks;
- The Hong Kong Girl Guides Association (香港女童軍總會) with 400 boxes of medical masks;
- Tokwawan Baptist Church (土瓜灣浸信會) with 10,000 medical masks; and
- U-Hearts (兩地一心) with 100,000 medical kids masks.

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

Moore Stephens CPA Limited

801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

大華馬施雲會計師事務所有限公司

To the Shareholders of Future World 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 64 to 171, which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, 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 HKD18,755,000 for the year ended 31 December 2021 and, as of that date, the Group has net current liabilities of approximately HKD351,362,000. These conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. 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 three 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 HKD865,687,000 as at 31 December 2021. 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 2021.	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 44(b) to the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2021, the Group had trade receivables and loan and interest receivables (net of credit loss allowances) amounting to approximately HKD14,043,000 and HKD332,245,000, respectively. The Group had recognised credit loss allowances on trade receivables and loan and interest receivables amounting to approximately HKD3,176,000 and HKD21,504,000 respectively as at 31 December 2021. 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 2021 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, 29 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 HKD'000	2020 HKD'000
Net realised loss from securities trading and investment	6	**(4,110)**	(13,067)
Revenue	6	**85,991**	234,659
Cost of sales		**(51,595)**	(166,366)
Gross profit		**34,396**	68,293
Other income and gains	8	**559**	1,689
Selling and distribution costs		**(1,100)**	(4,513)
Administrative expenses		**(35,999)**	(37,083)
Provision for credit loss allowances on trade receivables, net	44(b)(ii)	**(2,997)**	(125)
Provision for credit loss allowances on other receivables	44(b)(ii)	**(189)**	–
Reversal of/(provision for) credit loss allowances on loan and interest receivables, net	23	**206**	(1,433)
Reversal of expected credit loss on loan commitment, net		**136**	687
Change in fair value of investment properties	18	**16,368**	(3,125)
Change in fair value of financial assets at fair value through profit or loss		**213**	148
Impairment loss on property, plant and equipment	10	**(1,068)**	–
Impairment loss on right-of-use assets	10	**(5,488)**	–
Share of loss of an associate	19	**(4)**	(371)
Loss on early redemption of promissory note	32	**(156)**	–
Share-based payment expenses	35(a)	**(2,823)**	(17,498)
Gain on disposal of subsidiaries	37	**264**	973
Operating loss		**(1,792)**	(5,425)
Finance costs	9	**(17,005)**	(21,132)
Loss before income tax	10	**(18,797)**	(26,557)
Income tax credit/(expense)	11	**42**	(4,593)
Loss for the year		**(18,755)**	(31,150)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	**2021** **HKD'000**	2020 HKD'000
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**5,229**	10,312
Release of exchange reserve upon disposals of subsidiaries		**21**	–
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	**(45,207)**	(35,859)
Other comprehensive loss for the year, net of income tax		**(39,957)**	(25,547)
Total comprehensive loss for the year		**(58,712)**	(56,697)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(7,637)**	(38,003)
Non-controlling interests		**(11,118)**	6,853
		(18,755)	(31,150)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(48,083)**	(64,023)
Non-controlling interests		**(10,629)**	7,326
		(58,712)	(56,697)
Loss per share attributable to the owners of the Company	15		(Restated)
– Basic and diluted		**HKD(0.15)**	HKD(1.02)

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 HKD'000	2020 HKD'000
Non-current assets			
Property, plant and equipment	16	**2,130**	2,161
Right-of-use assets	17	**472**	8,797
Investment properties	18	**865,687**	803,836
Interest in an associate	19	**56**	58
Financial assets at fair value through other comprehensive income	20	**97,308**	220,117
Loan receivables	23	**300,512**	298,451
Deferred tax assets	24	**4,792**	4,059
		1,270,957	1,337,479
Current assets			
Inventories	22	**13,586**	10,581
Loan and interest receivables	23	**31,733**	39,564
Financial assets at fair value through profit or loss	21	**6,798**	1,394
Trade, bills and other receivables	25	**41,469**	81,793
Contract assets	28(i)	**4,672**	8,594
Pledged bank deposits and cash and bank balances	26	**12,077**	12,491
		110,335	154,417
Current liabilities			
Trade payables, accruals and other payables	27	**43,793**	72,993
Contract liabilities	28(ii)	**7,171**	5,133
Lease liabilities	29	**1,810**	3,877
Bank borrowings	30	**299,236**	305,009
Other borrowings	31	**108,970**	143,709
Promissory note	32	**–**	–
Tax payables		**717**	2,441
		461,697	533,162
Net current liabilities		**(351,362)**	(378,745)
Total assets less current liabilities		**919,595**	958,734
Non-current liabilities			
Lease liabilities	29	**4,343**	5,501
Net assets		**915,252**	953,233
Capital and reserves			
Share capital	33	**21,878**	18,906
Reserves	34	**895,938**	926,049
Equity attributable to the owners of the Company		**917,816**	944,955
Non-controlling interests		**(2,564)**	8,278
Total equity		**915,252**	953,233

The consolidated financial statements on the pages from 64 to 171 were approved and authorised for issue by the board of directors on 29 March 2022 and are signed on its behalf by:

Yu Qingrui
Director

Lau Fai Lawrence
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to owners of the Company									
	Share capital HKD'000 *(Note 33)*	**Share premium** HKD'000 *(Note 34)*	**Share option reserve** HKD'000 *(Notes 34 & 35(a))*	**Translation reserve** HKD'000 *(Note 34)*	**Fair value reserve (non-recycling)** HKD'000 *(Note 34)*	**Statutory reserve** HKD'000 *(Note 34)*	**Retained earnings/ (accumulated losses)** HKD'000	**Total** HKD'000	**Non-controlling interests** HKD'000	**Total** HKD'000
At 1 January 2020	12,480	1,480,021	17,893	220	(697,544)	–	121,131	934,201	(6)	934,195
Loss 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)
Exercise of share options *(Note 33(ii))*	124	4,328	(980)	–	–	–	–	3,472	–	3,472
Issuance of shares upon rights issue and placing, net of transaction costs *(Note 33(v))*	6,302	47,505	–	–	–	–	–	53,807	–	53,807
Recognition of equity-settled share-based payments *(Note 35(a))*	–	–	17,498	–	–	–	–	17,498	–	17,498
Cancellation of share options *(Note 35(a))*	–	–	(27,015)	–	–	–	27,015	–	–	–
Additions through acquisition of subsidiaries *(Note 36)*	–	–	–	–	–	–	–	–	113	113
Disposal of subsidiaries *(Note 37)*	–	–	–	–	–	–	–	–	659	659
Release of fair value reserve upon disposal of financial assets at fair value through other comprehensive income *(Note 20)*	–	–	–	–	109,796	–	(109,796)	–	–	–
Appropriation to statutory reserve	–	–	–	–	–	1,792	(1,792)	–	–	–
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	186	186
At 31 December 2020 and 1 January 2021	**18,906**	**1,531,854**	**7,396**	**10,059**	**(623,607)**	**1,792**	**(1,445)**	**944,955**	**8,278**	**953,233**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(7,637)**	**(7,637)**	**(11,118)**	**(18,755)**
Other comprehensive income/(loss), net of income tax										
Exchange differences arising on translation of financial statements of foreign operations	**–**	**–**	**–**	**4,750**	**–**	**–**	**–**	**4,750**	**479**	**5,229**
Release of exchange reserve upon disposal of subsidiaries	**–**	**–**	**–**	**11**	**–**	**–**	**–**	**11**	**10**	**21**
Change in fair value of financial assets at fair value through other comprehensive income *(Note 20)*	**–**	**–**	**–**	**–**	**(45,207)**	**–**	**–**	**(45,207)**	**–**	**(45,207)**
Other comprehensive income/(loss) for the year, net of income tax	**–**	**–**	**–**	**4,761**	**(45,207)**	**–**	**–**	**(40,446)**	**489**	**(39,957)**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**4,761**	**(45,207)**	**–**	**(7,637)**	**(48,083)**	**(10,629)**	**(58,712)**
Share issuance in relation to share swap *(Note 33(iii))*	**1,900**	**9,500**	**–**	**–**	**–**	**–**	**–**	**11,400**	**–**	**11,400**
Exercise of share options *(Note 33(ii))*	**1,072**	**6,934**	**(1,285)**	**–**	**–**	**–**	**–**	**6,721**	**–**	**6,721**
Lapse of share options *(Note 35(a))*	**–**	**–**	**(3,506)**	**–**	**–**	**–**	**3,506**	**–**	**–**	**–**
Recognition of equity-settled share-based payments *(Note 35(a))*	**–**	**–**	**2,823**	**–**	**–**	**–**	**–**	**2,823**	**–**	**2,823**
Release of fair value reserve upon disposal of financial assets at fair value through other comprehensive income *(Note 20)*	**–**	**–**	**–**	**–**	**319,113**	**–**	**(319,113)**	**–**	**–**	**–**
Disposal of subsidiaries *(Note 37)*	**–**	**–**	**–**	**–**	**–**	**(66)**	**66**	**–**	**(213)**	**(213)**
At 31 December 2021	**21,878**	**1,548,288**	**5,428**	**14,820**	**(349,701)**	**1,726**	**(324,623)**	**917,816**	**(2,564)**	**915,252**

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 HKD'000	2020 HKD'000
Cash flows from operating activities			
Loss before income tax		**(18,797)**	(26,557)
Adjustments for:			
Dividend income	6	**(3,815)**	(5,198)
Interest income on bank deposits	8	**(2)**	(3)
Rent concession in relation to COVID-19	8	**–**	(55)
Gains from bargain purchases	8	**–**	(37)
Gain on disposal of property, plant and equipment, net	8	**(105)**	–
Finance costs	9	**17,005**	21,132
Depreciation of property, plant and equipment	10	**780**	968
Depreciation of right-of-use assets	10	**2,650**	4,159
Impairment loss on property, plant and equipment	10	**1,068**	–
Impairment loss on right-of-use assets	10	**5,488**	–
(Reversal of)/provision for credit loss allowances on loan and interest receivables, net	10	**(206)**	1,433
Provision for credit loss allowances on trade receivables, net	10	**2,997**	125
Provision for credit loss allowances on other receivables, net	10	**189**	–
Reversal of expected credit loss on loan commitment, net	10	**(136)**	(687)
Loss on early redemption of promissory note	10	**156**	–
Loss on early termination of a lease agreement	10	**436**	22
Change in fair value of investment properties	18	**(16,368)**	3,125
Share of loss of an associate	19	**4**	371
Change in fair value and net realised loss from disposals of financial assets at fair value through profit or loss	21	**3,897**	12,919
Share-based payment expenses	35(a)	**2,823**	17,498
Gain on disposal of subsidiaries	37	**(264)**	(973)
Operating cash flows before movements in working capital		**(2,200)**	28,242
Increase in inventories		**(4,407)**	(7,914)
Decrease/(increase) in loan and interest receivables		**5,976**	(36,832)
(Increase)/decrease in financial assets at fair value through profit or loss		**(9,301)**	12,037
Decrease/(increase) in trade, bills and other receivables		**37,053**	(53,318)
Decrease/(increase) in contract assets		**3,922**	(8,109)
Decrease in pledged bank deposits		**336**	1,074
(Decrease)/increase in trade payables, accruals and other payables		**(27,716)**	38,394
Increase in contract liabilities		**2,038**	1,829
Cash generated from/(used in) operations		**5,701**	(24,597)
Income tax paid		**(2,368)**	(1,100)
Net cash generated from/(used in) operating activities		**3,333**	(25,697)

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 HKD'000	2020 HKD'000
Cash flows from investing activities			
Interest received		**2**	3
Dividend received		**3,815**	5,198
Purchase of property, plant and equipment	16	**(2,345)**	(11,370)
Purchase of financial assets at fair value through other comprehensive income	20	**(112)**	(22,041)
Proceed from disposal of property, plant and equipment		**676**	–
Proceed from disposal of financial assets at fair value through other comprehensive income	20	**89,114**	36,692
Net cash inflow arising on acquisition of subsidiaries	36	**–**	4,934
Net cash (outflow)/inflow arising on disposal of subsidiaries, net	37	**(148)**	6,473
Acquisition of an investment property	18	**(27,680)**	–
Capital injection from non-controlling interests		**–**	186
Net cash generated from investing activities		**63,322**	20,075
Cash flows from financing activities			
Interest paid on bank and other borrowings		**(16,210)**	(20,536)
Proceeds from bank borrowings		**83,741**	80,000
Repayments of bank borrowings		**(89,569)**	(87,360)
Proceeds from other borrowings		**90,539**	11,328
Repayments of other borrowings		**(125,278)**	(40,680)
Receipts of government loans		**–**	9,856
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		**6,721**	3,472
Repayment of promissory note – principal		**(14,020)**	–
Repayment of promissory note – interest		**(124)**	–
Repayment of lease liabilities – principal		**(3,554)**	(3,266)
Repayment of lease liabilities – interest		**(152)**	(214)
Net cash (used in)/generated from financing activities		**(67,906)**	6,407
Net (decrease)/increase in cash and cash equivalents		**(1,251)**	785
Cash and cash equivalents at the beginning of the year		**12,155**	10,986
Effect of foreign exchange rates changes, net		**1,173**	384
Cash and cash equivalents at the end of the year			
– Cash and bank balances	26	**12,077**	12,155

1. GENERAL

Future World Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business was changed from Unit 3711, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong to Unit 2218, 22/F, The Metropolis Tower, 10 Metropolis Drive, Hung Hom, Kowloon, Hong Kong with effect from 16 April 2021. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

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

2. BASIS OF PREPARATION

Statement of compliance

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

Basis of measurement

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

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

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

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 HKD18,755,000 for the year ended 31 December 2021 and, as of that date, the Group has net current liabilities of approximately HKD351,362,000. These conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have considered the followings when they prepared these consolidated financial statements for the year ended 31 December 2021:

The current liabilities of the Group include bank borrowings of approximately HKD205,565,000, which have been classified as current liabilities as the related loan agreements contain a repayment on demand clause. According to the loan agreements, the loans are repayable by monthly instalments in 16 to 22 years. The Group regularly monitors its compliance with covenants and scheduled repayments of such bank borrowings and the directors of the Company do not consider that the banks will exercise their discretion to demand repayment so long as the Group continues to meet these requirements.

The Group would sell part of its financial assets at FVTOCI in order to improve the Group's financial position, liquidity and cash flows. In addition, the directors of the Company also consider several measures together with other measures in progress at the date of authorising these consolidated financial statements which include taking stringent cost controls aiming at improving the working capital and cash flow position of the Group, equity fund raising and negotiating with certain bankers to obtain long-term banking facilities. In addition, in order to improve the Group's financial position, liquidity and cash flows, the directors of the Company proposed to conduct the rights issue on 15 December 2021 to raise additional capital with maximum gross proceeds of approximately HKD73,800,000 by way of a rights issue of up to 82,044,138 rights shares at the subscription price of HKD0.9 per rights share on the basis of three rights shares for every two consolidated shares, which is expected to be completed in 2022.

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

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

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Adoption of revised HKFRSs effective from 1 January 2021

In the current year, the Group has applied a number of amendments to HKFRSs issued by the HKICPA that are mandatorily effective for an accounting period that begins on or after 1 January 2021. These amendments have been applied by the Group for the first time in the current year unless otherwise specified.

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

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

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

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

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

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

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

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

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

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

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

Amendments to HKFRS 3 (Revised)	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 17	Insurance Contracts and related amendments[5]
Amendments to HKAS 1 (Revised)	Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRS 1, HKFRS 9 and HKFRS 16	Annual Improvements to HKFRSs 2018 – 2020[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for business combinations for which the date of acquisitions is on or after the beginning of the first annual period beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined
5 The amendments were originally intended to be effective for periods beginning on or after 1 January 2021. The effective date has now been extended to 1 January 2023.

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

4. 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* ("**HKFRS 9**"), 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 48, 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* ("**HKAS 36**") 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* ("**HKFRS 15**"), 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.

<u>Revenue from high technology business</u>

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.

<u>Revenue from trading business and related services</u>

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. Where the Group obtains control of the goods for distribution, it is the principal (i.e. recognises sales of goods on a gross basis). Control is primarily evidenced by taking physical possession and inventory risk of the goods.

<u>Revenue from securities brokerage business</u>

Commission income is entitled and recognised at point in time when the agreed services and completed. The amount of revenue recognised is the amount allocated to the satisfied performance obligations. The Group considers the terms in the contract and it has as enforceable right to payment for the introductory services upon satisfaction of the performance obligations.

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)*

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.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

Financial assets are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in the consolidated profit or loss.

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) Impairment of financial assets

The Group recognises a loss allowance for expected credit loss ("**ECL**") 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 credit rating agencies, adjusted for forward-looking factors specific to the debtors and the economic environment.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(b) 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.

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) 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) 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) 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 financial liabilities at amortised cost, 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 (credit)/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 35.

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 and include:

(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 consolidated 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 credit 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 44(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.

In addition, as disclosed in Note 23(i), there was one loan and interest receivables amounting to approximately HKD5,243,000 which was fully guaranteed by a director (who is also the shareholder) of the Company as at 31 December 2020. The directors of the Company believe that the amounts will be recoverable in full. During the year ended 31 December 2021, the outstanding loan and interest receivables were 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 44(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 the Group's property, plant and equipment as at 31 December 2021 was approximately HKD2,130,000 (2020: HKD2,161,000) (Note 16).

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

Key sources of estimation uncertainty *(Continued)*

(iii) Impairment on property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2021, the carrying amount of property, plant and equipment and right-of-use assets are approximately HKD2,130,000 (2020: HKD2,161,000) (Note 16) and approximately HKD472,000 (2020: HKD8,797,000) (Note 17) respectively.,

(iv) 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 2021 was approximately HKD865,687,000 (2020: HKD803,836,000) (Note 18).

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

	2021 **HKD'000**	2020 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	**48,728**	180,358
Income from trading business and related services	**2,797**	13,154
Commission income from securities brokerage business	**1,092**	–
Revenue from other sources:		
Rental income from property investment	**7,016**	12,488
Interest income from provision of financing services	**22,330**	22,985
Dividend income from securities trading and investment	**3,815**	5,198
Interest income from debt instrument	**213**	–
Interest income from investment in film industry	**–**	476
	85,991	234,659
Net realised loss from securities trading and investment	**(4,110)**	(13,067)

7. SEGMENT INFORMATION

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

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

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

Segment revenue and financial performance

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

	High technology business		Property investment		Provision of financing services		Securities trading and investment		Trading business and related services		Securities brokerage business		Investment in film industry		Licensing of e-commerce platform		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HKD'000	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000
Revenue																		
– External sales	**48,728**	180,358	**7,016**	12,488	**22,330**	22,985	**4,028**	5,198	**2,797**	13,154	**1,092**	–	**-**	476	**-**	–	**85,991**	234,659
Segment financial performance	**(23,473)**	21,823	**15,238**	2,275	**19,987**	21,684	**(12,500)**	(24,472)	**(1,813)**	(7,475)	**(142)**	–	**-**	(185)	**-**	–	**(2,703)**	13,650
Unallocated corporate income																	**1**	967
Unallocated corporate expenses																	**(13,233)**	(23,149)
Share of loss of an associate																	**(4)**	(371)
Share-based payment expenses																	**(2,823)**	(17,498)
Unallocated finance cost																	**(35)**	(156)
Loss before income tax																	**(18,797)**	(26,557)

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

7. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

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

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		Securities brokerage service		Investment in film industry		Licensing of e-commerce platform		Unallocated		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HKD'000	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000
Amounts included in the measure of segment profit or loss or segment assets:																				
Addition to property, plant and equipment	**362**	727	**-**	-	**117**	-	**-**	-	**-**	8	**-**	-	**-**	-	**-**	-	**1,866**	10,635	**2,345**	11,370
Addition to right-of-use assets	**-**	6,818	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**729**	-	**729**	6,818
Acquisition of an investment property	**-**	-	**41,480**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**41,480**	-
Depreciation of property, plant and equipment	**156**	59	**-**	-	**18**	-	**406**	605	**135**	265	**-**	-	**-**	-	**-**	-	**65**	39	**780**	968
Depreciation of right-of-use assets	**1,463**	341	**-**	-	**-**	-	**-**	-	**905**	684	**-**	-	**-**	-	**-**	-	**282**	3,134	**2,650**	4,159
(Reversal of)/provision for credit loss allowances on loan and interest receivables, net	**-**	-	**-**	-	**(206)**	1,433	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(206)**	1,433
Provision for credit loss allowances recognised on trade receivables, net	**2,997**	114	**-**	8	**-**	-	**-**	-	**-**	3	**-**	-	**-**	-	**-**	-	**-**	-	**2,997**	125
Provision for credit loss allowances recognised on other receivables	**-**	-	**189**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**189**	-
Impairment loss on property, plant and equipment	**1,068**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1,068**	-
Impairment loss on right-of-use assets	**5,488**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**5,488**	-
Reversal of ECL on loan commitment	**-**	-	**-**	-	**(136)**	(687)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(136)**	(687)
Change in fair value of financial assets at FVTPL	**-**	-	**-**	-	**-**	-	**(213)**	(148)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(213)**	(148)
Change in fair value of investment properties	**-**	-	**(16,368)**	3,125	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(16,368)**	3,125
Loss on early redemption of promissory note	**-**	-	**156**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**156**	-
Finance costs	**564**	402	**5,485**	6,130	**-**	-	**10,912**	14,402	**9**	42	**-**	-	**-**	-	**-**	-	**35**	156	**17,005**	21,132
Income tax (credit)/expense	**(490)**	4,105	**391**	576	**57**	(123)	**-**	-	**-**	35	**-**	-	**-**	-	**-**	-	**-**	-	**(42)**	4,593
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:																				
Interest income	**-**	-	**-**	-	**-**	-	**-**	(1)	**-**	(1)	**(1)**	-	**-**	-	**-**	-	**(1)**	(1)	**(2)**	(3)
Share of loss of an associate	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**4**	371	**4**	371
Share based payment expenses	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**2,823**	17,498	**2,823**	17,498
Gain on disposals of subsidiaries	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(264)**	(973)	**(264)**	(973)

7. SEGMENT INFORMATION *(Continued)*

Geographical information

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

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

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

Information about major customers

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

	2021 HKD'000	2020 HKD'000
Customer A[1]	**24,563**	N/A[3]
Customer B[2]	**16,522**	N/A[3]
Customer C[1]	**N/A**[3]	41,009

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

8. OTHER INCOME AND GAINS

	2021 **HKD'000**	2020 HKD'000
Government subsidies *(Note (i))*	**435**	995
Gains from bargain purchases *(Note 36)*	**–**	37
Gain on disposal of property, plant and equipment, net	**105**	–
Rent concession in relation to COVID-19 *(Note (ii))*	**–**	55
Interest income on bank deposits	**2**	3
Sundry income	**17**	599
	559	1,689

Notes:

(i) During the year ended the 31 December 2021, the Group received the government subsidies in regarding to encourage the high technology business development in the PRC. The government subsidies recognised for the year ended 31 December 2020 were the approved subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme as promulgated by the Government of the Hong Kong Special Administrative Region of the PRC. There are no unfulfilled conditions or other contingencies attached to these subsidies for both years.

(ii) During the year ended 31 December 2020, the Group was granted a rent concession in relation to COVID-19 for an office premises. The Group applied the practical expedient in paragraph 46A of HKFRS 16 for its rent concession in relation to COVID-19, such that the Group elected not to assess whether the rent concession that meets the conditions in paragraph 46B of HKFRS 16 is a lease modification. Therefore, the rent concession was recognised as other income for the year ended 31 December 2020.

9. FINANCE COSTS

	2021 HKD'000	2020 HKD'000
Interest expenses on bank borrowings	**7,299**	8,743
Interest expenses on other borrowings	**8,911**	11,793
Interest expenses on lease liabilities	**152**	214
Interest expenses on government loans	**423**	382
Imputed interest expenses on promissory note *(Note 32)*	**188**	–
Others	**32**	–
	17,005	21,132

10. LOSS BEFORE INCOME TAX

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

	2021 HKD'000	2020 HKD'000
Directors' and chief executive's emoluments, including share-based payment expenses of approximately HKD848,000 (2020: HKD6,228,000)	**4,964**	14,083
Other staff costs, including share-based payment expenses of approximately HKD1,747,000 (2020: HKD3,370,000)	**13,199**	16,190
Contributions to retirement benefits scheme *(Note)*	**547**	430
Total staff costs	**18,710**	30,703
Auditor's remuneration:		
– Audit services	**950**	900
– Non-audit services	**436**	395
Cost of inventories recognised as expenses	**47,991**	166,162
Depreciation of property, plant and equipment	**780**	968
Depreciation of right-of-use assets	**2,650**	4,159
Impairment loss on property, plant and equipment	**1,068**	–
Impairment loss on right-of-use assets	**5,488**	–
Direct operating expenses arising from investment properties that generated rental income during the year	**540**	576
Direct operating expenses arising from investment properties that did not generated rental income during the year	**224**	195
Expenses relating to short-term leases	**–**	1,422
Loss on early redemption of promissory note	**156**	–
Loss on early termination of a lease agreement	**436**	22
(Reversal of)/provision for credit loss allowances on loan and interest receivables, net	**(206)**	1,433
Provision for credit loss allowances on trade receivables, net	**2,997**	125
Provision for credit loss allowances on other receivables, net	**189**	–
Reversal of ECL on loan commitment, net	**(136)**	(687)
Share-based payment expenses for consultants	**228**	7,900

Note:

Pursuant to an announcement issued by the Ministry of Human Resources and Social Security of the PRC, in the light of COVID-19 pandamic, certain Group entities were exempted from employer contribution to pension, unemployment, and work-related injury insurance schemes between February to December 2020.

As at December 2021, the Group had no forfeited contributions available to reduce its contributuons to the retirement benefit schemes in future years (2020: Nil).

11. INCOME TAX (CREDIT)/EXPENSE

	2021 **HKD'000**	2020 HKD'000
The PRC Enterprise Income Tax ("**EIT**")		
– Current tax	**–**	4,140
– Under-provision in prior years	**288**	–
Withholding Tax	**391**	576
	679	4,716
Deferred tax credited to profit or loss *(Note 24)*	**(721)**	(123)
Income tax (credit)/expense	**(42)**	4,593

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 (2020: Nil).

Under the two-tiered profits tax rates regime in Hong Kong, the first HKD2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2,000,000 will be taxed at 16.5%. The assessable profits of group entities that are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% for the years ended 31 December 2021 and 2020.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2021 and 2020, as the Group did not have assessable profits subject to Hong Kong Profits Tax during both years.

The PRC EIT has been provided at the rate of 25% (2020: 25%) on the taxable profits of the Group's subsidiaries in the PRC during the year ended 31 December 2021. Certain subsidiaries of the Group, which are qualified small and micro-sized enterprises under Caishui [2019] No.13, are eligible for certain tax reduction.

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

11. INCOME TAX (CREDIT)/EXPENSE *(Continued)*

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

	2021 **HKD'000**	2020 HKD'000
Loss before income tax	**(18,797)**	(26,557)
Tax at domestic income tax rate	**(5,039)**	(3,062)
Tax effect of expenses not deductible for tax purpose	**1,038**	6,092
Tax effect of income not taxable for tax purpose	**(4,202)**	(1,682)
Tax effect of tax losses not recognised	**8,493**	4,242
Utilisation of tax losses previously not recognised	**(341)**	(520)
Tax effect of temporary differences not recognised	**(670)**	90
Under-provision in prior year	**288**	–
Withholding tax	**391**	576
Tax reduction	**–**	(1,143)
Income tax (credit)/expense	**(42)**	4,593

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 2021

	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))*	–	–	–	–	–
Mr. Lau Fai Lawrence	–	492	18	140	650
Mr. Yu Qingrui ("**Mr. Yu**")	–	332	16	236	584
Mr. Cai Linzhan	–	202	10	236	448
Mr. Wang Fei *(Note (ii))*	–	–	–	–	–
Mr. Siu Yun Fat *(Note (iii))*	–	1,353	18	236	1,607
Mr. Yu Zhenzhong	–	–	–	–	–
Ms. Liao Jianrong *(Note (iv))*	–	–	–	–	–
Sub-total	–	2,379	62	848	3,289
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	–	–	–	–	–
Mr. Wang Ning *(Note (v))*	–	–	–	–	–
Sub-total	1,737	–	–	–	1,737
Total	1,737	2,379	62	848	5,026

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

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	–	282	13	1,077	1,372
Mr. Cai Linzhan	–	202	10	980	1,192
Mr. Wang Fei *(Note (ii))*	–	360	24	–	384
Mr. Siu Yun Fat *(Note (iii))*	–	3,346	20	1,077	4,443
Mr. Yu Zhenzhong	–	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	–	–	–	–	–
Mr. Wang Ning *(Note (v))*	125	–	–	–	125
Sub-total	1,862	–	–	–	1,862
Total	1,862	5,993	125	6,228	14,208

Notes:

(i) Mr. Liang Jian was appointed as chairman of the Company with effective from 1 July 2020.

(ii) Mr. Wang Fei resigned as chairman of the Company with effective from 1 July 2020. In 2021, he also resigned as executive director of the Company effective on 7 December 2021.

(iii) Mr. Siu Yun Fat resigned as executive director of the Company on 31 December 2021.

(iv) Ms. Liao Jianrong was appointed as executive directors of the Company on 1 February 2022.

(v) Mr. Wang Ning resigned as independent non-executive directors of the Company on 1 June 2021.

(vi) 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.

(vii) 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 2021 and 2020, 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 35(a). The amount of the benefits in relation to the share options has been determined in the sole discretion of the board of directors.

There was no arrangement under which directors or the chief executive of the Company waived or agreed to waive any remuneration during the years ended 31 December 2021. During the year 31 December 2020, Mr. Liang Jian and Mr. Yu Zhenzhong have waived all the share options granted to them, with an aggregate carrying amout of HKD6,808,000.

During the years ended 31 December 2021 and 2020, 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 two directors (2020: three directors), details of whose remuneration are set out in Note 12 above. Details of the remuneration of the remaining three (2020: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021 **HKD'000**	2020 HKD'000
Salaries, bonuses and other benefits in kind	**3,023**	1,270
Contributions to retirement benefits scheme	**54**	38
Share-based payment expenses	**580**	1,987
	3,657	3,295

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) **2021**	 2020
Under HKD1,000,000	**1**	–
HKD1,000,001 to HKD1,500,000	**2**	–
HKD1,500,001 to HKD2,000,000	**–**	2

During the year ended 31 December 2021, two (2020: two) non-director and non-chief executive highest paid employee 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 35(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 (2020: Nil).

15. LOSS PER SHARE

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

	2021 HKD'000	2020 HKD'000
Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(7,637)**	(38,003)

Number of shares

	2021 '000	2020 '000 (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**50,201**	37,416

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 (Note 46(a)) after the reporting period. Accordingly, the basic and diluted loss per share for the year ended 31 December 2020 is restated.

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

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 2020	–	15,343	4,148	810	20,301
Addition	8,697	2,150	371	152	11,370
Written-off *(Note (i))*	–	(15,259)	–	(137)	(15,396)
Disposal of subsidiaries *(Note 37)*	(8,439)	(2,150)	–	(46)	(10,635)
Exchange realignment	16	–	22	34	72
At 31 December 2020 and 1 January 2021	**274**	**84**	**4,541**	**813**	**5,712**
Addition	**362**	**108**	**–**	**1,875**	**2,345**
Disposal	**–**	**–**	**(1,604)**	**(108)**	**(1,712)**
Disposal of subsidiaries *(Note 37)*	**–**	**–**	**–**	**(9)**	**(9)**
Exchange realignment	**13**	**–**	**11**	**43**	**67**
At 31 December 2021	**649**	**192**	**2,948**	**2,614**	**6,403**
Accumulated depreciation and impairments					
At 1 January 2020	–	15,343	2,415	222	17,980
Charged for the year	–	6	819	143	968
Written-off *(Note (i))*	–	(15,259)	–	(137)	(15,396)
Disposal of subsidiaries *(Note 37)*	–	(6)	–	(4)	(10)
Exchange realignment	–	–	3	6	9
At 31 December 2020 and 1 January 2021	**–**	**84**	**3,237**	**230**	**3,551**
Charged for the year	**40**	**16**	**538**	**186**	**780**
Disposal	**–**	**–**	**(1,108)**	**(33)**	**(1,141)**
Disposal of subsidiaries *(Note 37)*	**–**	**–**	**–**	**(3)**	**(3)**
Impairment *(Note (ii))*	**599**	**–**	**243**	**226**	**1,068**
Exchange realignment	**10**	**–**	**7**	**1**	**18**
At 31 December 2021	**649**	**100**	**2,917**	**607**	**4,273**
Net carrying amount					
At 31 December 2021	**–**	**92**	**31**	**2,007**	**2,130**
At 31 December 2020	274	–	1,304	583	2,161

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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%

Notes:

(i) During the year ended 31 December 2020, 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.

(ii) During the course of preparing of the Group's consolidated financial statements for the year ended 31 December 2021, the directors of the Company identified that there were downsize of sale scale and gross profit margin in high technology businesses cash generating unit ("**CGU**"). Therefore, the directors of the Company concerned about the recoverability of the carrying amounts of this CGU and performing impairment review on non-fnancial assets (including of property, plant and equipment and right-of-use assets) of this CGU.

Impairment loss on property, plant and equipment and right-of-use assets amounting to approximately HKD1,068,000 and HKD5,488,000 (Note 17) respectively were recognised in the profit or loss during the year ended 31 December 2021 (2020: Nil).

The value-in-use calculation used cash flow forecast derived from the most recent budget of this CGU and was approved by the management based on their best estimated. The projected period was 5 years and the growth rate and pre-tax discount rate used in the forecast were zero and 16.3% (2020: Nil and Nil), respectively.

17. RIGHT-OF-USE ASSETS

	Staff quarter HKD'000	Office premises HKD'000	Production plant HKD'000	Total HKD'000
Cost				
At 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 and 1 January 2021	**597**	**6,843**	**7,225**	**14,665**
Additions	**–**	**729**	**–**	**729**
Early termination of lease agreements	**(597)**	**(6,850)**	**–**	**(7,447)**
Exchange realignment	**–**	**7**	**198**	**205**
At 31 December 2021	**–**	**729**	**7,423**	**8,152**
Accumulated depreciation and impairment:				
At 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 and 1 January 2021	**423**	**5,084**	**361**	**5,868**
Charged for the year	**25**	**1,162**	**1,463**	**2,650**
Early termination of a lease agreement	**(448)**	**(5,994)**	**–**	**(6,442)**
Impairment *(Note 16 (ii))*	**–**	**–**	**5,488**	**5,488**
Exchange realignment	**–**	**5**	**111**	**116**
At 31 December 2021	**–**	**257**	**7,423**	**7,680**
Net carrying amount				
At 31 December 2021	**–**	**472**	**–**	**472**
At 31 December 2020	174	1,759	6,864	8,797

	2021 HKD'000	2020 HKD'000
Within financing cash flows – fixed payments	**3,706**	3,480
Within operating cash flows – expenses relating to short-term leases	**–**	1,422
Total cash outflow for leases	**3,706**	4,902

During the years ended 31 December 2021 and 2020, the Group leased staff quarter, office premises and production plant for its daily operations. Lease contracts were entered into for fixed terms from 1 to 4 years.

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

	2021 HKD'000	2020 HKD'000
Fair value		
At 1 January	**803,836**	798,085
Acquisition	**41,480**	–
Changes in fair value recognised in profit or loss	**16,368**	(3,125)
Exchange realignment	**4,003**	8,876
At 31 December	**865,687**	803,836

	2021 HKD'000	2020 HKD'000
Hong Kong	**711,400**	662,000
The PRC	**154,287**	141,836
	865,687	803,836

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.

On 20 May 2021, a wholly-owned subsidiary of the Company has entered into a sales and purchase agreement in relation to acquisition of a property located in Hong Kong with an individual (the "**Vendor**") who is the wife of cousin of Mr. Cai Linzhan, one of the directors of the Company. Pursuant to the sales and purchase agreement, the consideration amounted to HKD40,000,000 which would be settled by HKD1,000,000 by cash and HKD39,000,000 shall be satisfied by issuing promissory note to the Vendor.

On 6 October 2021, the property acquisition had completed and the Group has paid HKD27,680,000 (including corresponding stamp duty of approximately HKD1,700,000) by cash and issued a promissory note with principal amount amounting to HKD14,020,000 with fixed interest rate at 5.00% per annum payable annually. The promissory note will be matured in 2 years from the date of issue (i.e. 6 October 2023), early redemptions is allowed at all or part of the principal amount. On the date of acquisition, the fair value of the promissory note was approximately HKD13,800,000. Further details of the promissory note are set out in Note 32.

At 31 December 2021, the Group's investment properties located in Hong Kong, with carrying amount amounting to approximately HKD287,000,000 (2020: HKD283,000,000), 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 HKD384,000,000 (2020: HKD379,000,000) has been pledged to secure the bank borrowings granted to the Group (Note 30) at 31 December 2021.

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties at 31 December 2021 and 2020 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.

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)*

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.

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)	(19.53)% to 83.22% (2020: (10.22)% to 74.83%)	(5.97)% to 1.26% (2020: (22.96)% to 6.08%)	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	HKD27,289 to HKD65,947 (2020: HKD32,742 to HKD53,654) per square feet	Renminbi ("**RMB**") 43,036 (equivalent to approximately HKD52,689) to RMB66,189 (equivalent to approximately HKD81,048) (2020: RMB45,085 (equivalent to approximately HKD53,737) to RMB55,264 (equivalent to approximately HKD65,869) 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

	2021 HKD'000	2020 HKD'000
Cost of investment in an associate, unlisted	**559**	559
Share of accumulated losses of an associate	**(514)**	(510)
Exchange realignment	**11**	9
	56	58

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 HKD2,425,000) (2020: RMB1,980,000 (equivalent to approximately HKD2,323,000)).

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 2021, the Group had paid RMB500,000 (equivalent to approximately HKD559,000) (2020: RMB500,000 (equivalent to approximately HKD559,000)) in aggregate for the registered capital of 揚州越界. As at 31 December 2021, the Group shall pay the remaining registered capital amounting to RMB1,480,000 (equivalent to approximately HKD1,812,000) (2020: RMB1,480,000 (equivalent to approximately HKD1,764,000)) within two years after the date of issuance of business license as detailed in Note 39(b).

The particulars of the associate of the Group as at 31 December 2021 and 2020 were as follows:

Name	Particulars of registered capital	Place of establishment	Proportion of ownership interest attributable to the Group 2021	 2020	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 share of loss of 揚州越界, an immaterial associate of the Group for the years ended 31 December 2021 and 2020, is set out below:

	2021 **HKD'000**	2020 HKD'000
Share of loss of an associate recognised in profit or loss	**4**	371

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 **HKD'000**	2020 HKD'000
Listed securities, at fair value:		
Equity securities listed in Hong Kong	**97,308**	220,117

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

	2021 **HKD'000**	2020 HKD'000
At 1 January	**220,117**	270,627
Additions	**112**	22,041
Additions in relation to share swap *(Note 33(iii))*	**11,400**	–
Disposal	**(89,114)**	(36,692)
Changes in fair value through other comprehensive income	**(45,207)**	(35,859)
At 31 December	**97,308**	220,117

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

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

	2021	2020
	HKD'000	HKD'000
Equity securities listed in Hong Kong		
CMBC Capital Holdings Limited ("**CMBC Capital**") *(Note (i))*	**91,287**	198,401
Central Wealth Group Holdings Limited ("**Central Wealth**") *(Note (ii))*	**4,221**	18,152
Huasheng International Holding Limited ("**Huasheng**") *(Note (iii))*	**–**	3,564
CA Cultural Technology Group Limited ("**CA Cultural**")	**1,800**	–
At 31 December	**97,308**	220,117

These were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature. The fair values of the listed equity securities investments were determined based on the quoted market closing prices on the Stock Exchange. During the year ended 31 December 2021, the dividends received from those equity securities were approximately HKD3,676,000 (2020: HKD5,196,000).

Notes:

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

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

(ii) During the year ended 31 December 2021, the Group disposed 485,520,000 (2020: 4,133,334) shares of Central Wealth at approximately HKD8,228,000 (2020: HKD111,000) to optimise its investment portfolio so as to enhance the financial and cash position of the Group. As a result, a fair value loss of approximately HKD36,043,000 (2020: HKD470,000) was reclassified from fair value reserve to retained earnings/(accumulated losses).

(iii) During the year ended 31 December 2021, the Group disposed 4,400,000 (2020: Nil) shares of Huasheng at approximately HKD3,733,000 (2020: Nil) to optimise its investment portfolio so as to enhance the financial and cash position of the Group. As a result, a fair value gain of approximately HKD653,000 (2020: Nil) was reclassified from fair value reserve to retained earnings/(accumulated losses).

(iv) During the year ended 31 December 2020, the Group disposed 2,600,000 shares of Dongwu Cement International Limited at approximately HKD3,264,000 to optimise its investment portfolio so as to enhance the financial and cash position of the Group. As a result, a fair value gain of approximately HKD352,000 was reclassified from fair value reserve to retained earnings/(accumulated losses).

At 31 December 2021, the Group's financial assets at FVTOCI, with carrying amount of approximately HKD97,308,000 (2020: HKD209,397,000), have been pledged to secure the other borrowings granted to the Group (Note 31).

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

At 31 December 2021, the Group's financial assets at FVTPL, with carrying amount of approximately HKD6,798,000 (2020: Nil), have been pledged to secure the other borrowings granted to the Group (Note 31).

22. INVENTORIES

	2021 HKD'000	2020 HKD'000
Robotic gripper	**–**	1,866
Raw materials	**–**	1,500
Work in progress	**8,971**	2,813
Finished goods	**4,615**	4,402
	13,586	10,581

23. LOAN AND INTEREST RECEIVABLES

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

Notes:

(i) From investment in film industry

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

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

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

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 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 and 1 January 2021	**–**	**5,243**	**–**	**5,243**
Repayments	**–**	**(5,243)**	**–**	**(5,243)**
At 31 December 2021	–	–	–	–

23. LOAN AND INTEREST RECEIVABLES *(Continued)*

Notes: (Continued)

(ii) From money lending business

The loan receivables from 13 (2020: 10) independent borrowers bear fixed interest rates ranging from 5% to 8% (2020: 5% to 8%) per annum and repayable according to the respective loan agreements. During the year ended 31 December 2021, 2 (2020: 2) borrowers with loan receivables (net of allowance for credit loss) amounted to approximately HKD55,260,000 (2020: HKD52,722,000) in aggregate provided several properties to the Group as collateral with fair value amounting to approximately RMB38,800,000 (equivalent to approximately HKD47,511,000) (2020: RMB38,800,000 (equivalent to approximately HKD44,907,000)) in aggregate. The loan receivables from the remaining 11 (2020: 8) borrowers with loan receivables (net of allowance for credit loss) amounted to approximately HKD276,985,000 (2020: HKD280,050,000) in aggregate are unsecured.

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 2020	298,187	14,000	–	312,187
Additions	154,885	–	–	154,885
Repayments	(98,590)	(14,000)	–	(112,590)
At 31 December 2020 and 1 January 2021	**354,482**	**–**	**–**	**354,482**
Additions	**42,880**	**–**	**–**	**42,880**
Repayments	**(43,613)**	**–**	**–**	**(43,613)**
At 31 December 2021	**353,749**	**–**	**–**	**353,749**

The movement of provision for ECL 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 2021	**21,710**	**–**	**–**	**21,710**
Additions	**3,445**	**–**	**–**	**3,445**
Repayments	**(2,729)**	**–**	**–**	**(2,729)**
Change in risk parameters	**(922)**	**–**	**–**	**(922)**
At 31 December 2021	**21,504**	**–**	**–**	**21,504**
ECL rate	**6.08%**	**–**	**–**	**6.08%**

23. LOAN AND INTEREST RECEIVABLES *(Continued)*

Notes: (Continued)

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

	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%

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

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

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.

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

23. LOAN AND INTEREST RECEIVABLES *(Continued)*

Notes: (Continued)

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

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	**2021** HKD'000	**2020** HKD'000
Gross loans to Central Wealth (including interest receivables of approximately HKD7,420,000 (2020: HKD6,000,000))	258,520	243,420	242,000
Credit loss allowances on loans to Central Wealth (including credit loss allowances on interest receivables of approximately HKD457,000 (2020: HKD412,000))	16,618	14,988	16,618

As at 31 December 2021, one of the loan and interest receivables of the Group were due from Ms. Lam Hay Yin, a director of the Company's subsidiary which were amounted to approximately HKD1,500,000 (2020: Nil).

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 2020	3,936
Deferred tax credited to the profit or loss *(Note 11)*	123
At 31 December 2020 and 1 January 2021	**4,059**
Deferred tax credited to the profit or loss *(Note 11)*	**721**
Exchange realignment	**12**
At 31 December 2021	**4,792**

24. DEFERRED TAX *(Continued)*

Deferred tax assets *(Continued)*

At the end of the reporting period, the Group had unused tax losses of approximately HKD119,748,000 (2020: HKD125,347,000) 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 RMB27,317,000 (equivalent to approximately HKD33,450,000) (2020: RMB6,567,000 (equivalent to approximately HKD7,827,000)) 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.

As at 31 December 2021, the Group has not recognised the provision of the PRC withholding tax of approximately RMB648,000 (equivalent to approximately HKD794,000) (2020: RMB1,205,000 (equivalent to approximately HKD1,436,000)) in relation to the undistributed profits of certain PRC subsidiaries totaling approximately RMB6,481,000 (equivalent to approximately HKD7,936,000) (2020: RMB12,046,000 (equivalent to approximately HKD14,358,000)), 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	2021 HKD'000	2020 HKD'000
Trade receivables, gross		**17,219**	43,994
Less: Allowance for credit losses *(Note 44(b)(ii))*		**(3,176)**	(128)
Trade receivables, net	(i)	**14,043**	43,866
Deposit, prepayment and other receivables, gross		**18,806**	13,900
Less: Allowance for credit losses *(Note 44(b)(ii))*		**(189)**	–
Deposit, prepayment and other receivables, net	(ii)	**18,617**	13,900
Bills receivables	(iii)	**8,809**	24,027
		41,469	81,793

Notes:

(i) **Trade receivables**

As at 31 December 2021 and 2020, trade receivables mainly comprise amounts receivable from high technology business and trading business and related services. No interest was charged on trade receivables.

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

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

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

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

Further details on the Group's credit policy are set out in Note 44(b)(ii).

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

Notes: (Continued)

(ii) Deposit, prepayment and other receivables

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

As at 31 December 2021, prepayments for inventories include balances with 成都廣泰威達 and 成都焊研威達 (as defined in Note 40) amounting to approximately RMB2,584,000 (equivalent to approximately HKD3,165,000) and RMB1,549,000 (equivalent to approximately HKD1,896,000) (2020: Nil and RMB1,629,000 (equivalent to approximately HKD1,941,000)), respectively.

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

(iii) Bills receivables

The Group endorsed certain bill receivables (the “**Endorsed Bills**”) with a carrying amount of approximately HKD8,687,000 (2020: HKD23,872,000) as at 31 December 2021 to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. However, in the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to the Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills as current assets and the associated trade payables as current liabilities. The aggregate carrying amount of trade payables under the Endorsement amounted to approximately HKD8,687,000 (2020: HKD23,872,000) as at 31 December 2021 (Note 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 (2020: Nil) as at 31 December 2021.

26. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES

	2021 **HKD’000**	2020 HKD’000
Cash and bank balances *(Note (i))*	**12,077**	12,155
Pledged bank deposit *(Note (ii))*	**–**	336
	12,077	12,491

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 2021, there was approximately HKD1,998,000 (2020: HKD6,794,000) 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), 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	**2021 HKD'000**	2020 HKD'000
Trade payables	(i)	**18,106**	47,719
Government loans	(ii)	**10,730**	10,445
Other payables	(iii)	**3,733**	2,885
Accruals		**9,538**	10,369
Rental deposits received		**1,686**	1,575
		43,793	72,993

Notes:

(i) Trade payables

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

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

The aggregate carrying amount of trade payables under the Endorsement amounted to approximately HKD8,687,000 (2020: HKD23,872,000) as at 31 December 2021, do not meet the de-recognition requirements in HKFRS 9. The corresponding financial assets are included in trade, bills and other receivables (Note 25(iii)).

(ii) Government loans

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

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

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

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

Notes: (Continued)

(iii) Other payables

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

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

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

28. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Notes	**2021 HKD'000**	2020 HKD'000
Contract assets	(i)	**4,672**	8,594
Contract liabilities	(ii)	**7,171**	5,133

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.

The contract assets transferred to trade receivables during the year ended 31 December 2021 that were included in the balances as at 31 December 2020 were approximately HKD8,594,000 (2020: Nil).

Further details on the Group's credit policy are set out in Note 44(b)(ii).

28. CONTRACT ASSETS AND CONTRACT LIABILITIES *(Continued)*

Notes: (Continued)

(ii) Contract liabilities

For both years, 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:

	2021 HKD'000	2020 HKD'000
At 1 January	**5,133**	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	**(5,133)**	(3,014)
Increase in contract liabilities as a result of receipt of customer deposits during the year	**7,171**	5,133
At 31 December	**7,171**	5,133

29. LEASE LIABILITIES

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

	2021 HKD'000	2020 HKD'000
Lease liabilities payable:		
–Within one year	**1,914**	4,011
–Within a period of more than one year but not more than two years	**1,656**	1,486
–Within a period of more than two years but not more than five years	**2,799**	4,210
	6,369	9,707
Less: future finance charges	**(216)**	(329)
	6,153	9,378
Less: portion classified as current liabilities	**(1,810)**	(3,877)
Non-current liabilities	**4,343**	5,501

During the years ended 31 December 2021 and 2020, the Group has leased for staff quarters, office premises and a 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 quarters, office premises and a 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.

29. LEASE LIABILITIES *(Continued)*

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 as at 31 December 2021 and 2020:

Right-of-use assets	Number of lease		Remaining lease term (Number of months)	
	2021	2020	**2021**	2020
Staff quarter	**–**	1	**–**	7
Office premise(s)	**1**	2	**17**	6 to 8
Production plant	**1**	1	**45**	57

30. BANK BORROWINGS

	2021 **HKD'000**	2020 HKD'000
Secured bank borrowings	**299,236**	305,009
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)	**205,565**	215,520
Carrying amount repayable within one year	**93,671**	89,489
	299,236	305,009

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

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

30. BANK BORROWINGS *(Continued)*

As at 31 December 2021, the bank borrowings bear interest at (i) 2.5% per annum below HKD Prime Rate, (ii) 2% per annum over HIBOR (1 month) or 2.5% per annum below HKD Prime rate, whichever is the lower, (iii) 2.5% per annum over HIBOR (1 week to 1 month) and (iv) fixed rate at 3.85% per annum. (2020: (i) 2.5% per annum below HKD Prime Rate, (ii) 2% per annum over HIBOR (1 month) or 2.5% per annum below HKD Prime rate, whichever is the lower, (iii) 2.5% per annum over HIBOR (1 week to 1 month)). The weighted average effective interest rates per annum on the bank borrowings are as follows:

	2021	2020
Secured bank borrowings	**2.10% – 3.85%**	2.57% – 3.15%

At 31 December 2021, the Group's bank borrowings are secured by the investment properties amounting to approximately HKD671,000,000 (2020: HKD662,000,000) (Note 18).

31. OTHER BORROWINGS

	Notes	**2021 HKD'000**	2020 HKD'000
Other borrowings due to:			
Securities Broker A	(i)	**–**	18,310
Securities Broker B	(ii)	**72,961**	90,493
Securities Broker C	(iii)	**34,906**	34,906
Central Wealth Securities Investments Limited ("**CWSI**")	(iv)	**1,103**	–
		108,970	143,709

Notes:

(i) **Securities Broker A**

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

As at 31 December 2021, pursuant to the Margin Loan Agreements A, Securities Broker A provided a margin loan facility to the Group up to HKD60,000,000 (2020: HKD60,000,000) at an interest rate of 7.5% (2020: 9.5%) per annum payable in arrears.

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

(ii) **Securities Broker B**

On 26 March 2018, Golden Horse entered into a margin loan account client agreement (the "**Margin Loan Agreement B**") with Securities Broker B, an independent securities broker. Pursuant to the Margin Loan Agreement B, Securities Broker B provided a margin loan facility to the Group up to HKD82,000,000 (2020: HKD125,000,000).

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

31. OTHER BORROWINGS *(Continued)*

Notes: (Continued)

(iii) Securities Broker C

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

(iv) CWSI

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

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

	Notes	**2021** **HKD'000**	2020 HKD'000
Investment properties	18	**287,000**	283,000
Financial assets at FVTOCI	20	**97,308**	209,397
Financial assets at FVTPL	21	**6,798**	–

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

	2021 **HKD'000**	2020 HKD'000
Within one year or on demand	**108,970**	143,709

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

32. PROMISSORY NOTE

	2021	2020
	HKD'000	HKD'000
At 1 January	**–**	–
Addition for acquisition of an investment property *(Note 18)*	**13,800**	–
Imputed interest expenses recognised in profit or loss *(Note 9)*	**188**	–
Early redemption	**(13,988)**	–
At 31 December	**–**	–

As aforementioned in Note 18, the Group completed the acquisition of an investment property on 6 October 2021, at a consideration of HKD40,000,000. Part of the consideration was satisfied by issuance of a promissory note with principal amount of HKD14,020,000.

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

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

The fair value of the promissory note as at the date of issuance has been arrived on the basis of valuation carried out by Royson Valuation Advisory Limited, a firm of independent qualified professional valuers, which is not connected to the Group. Royson Valuation Advisory Limited has appropriate qualifications and recent experience in valuation of similar promissory note. The fair value of promissory note was evaluated by using discounted cash flow model.

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

33. 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 2020	249,480,000,000	520,000,000	250,000
Share consolidation *(Note (iv))*	(237,006,000,000)	(494,000,000)	–
At 31 December 2020 and 1 January 2021 and 31 December 2021	**12,474,000,000**	**26,000,000**	**250,000**
Issued and fully paid:			
At 1 January 2020	12,480,291,446	–	12,480
Issuance of shares upon exercise of share options *(Note (ii))*	124,000,000	–	124
Share consolidation *(Note (iv))*	(11,974,076,874)	–	–
Issuance of shares upon rights issue and placing *(Note (v))*	315,107,286	–	6,302
At 31 December 2020 and 1 January 2021	**945,321,858**	**–**	**18,906**
Exercise of share options *(Note (ii))*	**53,600,000**	**–**	**1,072**
Share issuance in relation to share swap *(Note (iii))*	**95,000,000**	**–**	**1,900**
At 31 December 2021	**1,093,921,858**	**–**	**21,878**

Notes:

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

(ii) On 16 June 2021 and 25 June 2021, 34,800,000 and 18,800,000 share options were exercised respectively at the exercise price of HKD0.1254 per share. The total cash consideration received from the issuance 53,600,000 shares was approximately HKD6,721,000, of which HKD1,072,000 was credited to issued share capital and the remaining balance of approximately HKD5,649,000 was credited to the share premium account. In addition, amount attributable to the related share options of approximately HKD1,285,000 has been transferred from share option reserve to the share premium account.

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 approximately HKD3,472,000, of which HKD124,000 was credited to issued share capital and the remaining balance of HKD3,348,000 was credited to the share premium account. In addition, amount attributable to the related share options of 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 these exercise of share options were immaterial.

33. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(iii) On 24 August, the Company has entered into a share swap agreement (the "**Share Swap Agreement**") with CA Cultural, a company incorporated in the Cayman Islands and listed on the Stock Exchange. Pursuant to the Share Swap Agreement, the Company shall subscribe for and CA Cultural shall allot and issue 4,000,000 shares of CA Cultural and CA Cultural shall subscribe for and the Company shall allot and issue 95,000,000 the Company's shares. As at the completion date of the share swap (i.e. 8 September 2021), the Company subscribed 4,000,000 shares of CA Cutural at their market price of HKD2.85 per share, resulted in totaling HKD11,400,000 recognised as financial assets at FVTOCI of the Company at the date of share swap. Accordingly, approximately HKD1,900,000 was credit to issued share capital and the remaining balance of HKD9,500,000 was credited to the share premium account of the Company in relation to the corresponding allotment of 95,000,000 shares of the Company.

(iv) 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.

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.

(v) On 22 May 2020, the Company announced the proposed rights issue on the basis of one rights share for every two consolidated shares at the subscription price of HKD0.18 per rights share. 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 rights 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.

(vi) 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 places 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.

34. 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.

34. RESERVES *(Continued)*

The Company

	Share premium HKD'000	**Share option reserve** HKD'000 *(Note 35(a))*	**Accumulated losses** HKD'000	**Total** HKD'000
At 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 rights issue and placing, net of transaction costs *(Note 33(v))*	47,505	–	–	47,505
Recognition of equity-settled share-based payments *(Note 35(a))*	–	17,498	–	17,498
Exercise of share options *(Note 33(ii))*	4,328	(980)	–	3,348
Cancellation of share options *(Note 35(a))*	–	(27,015)	27,015	–
At 31 December 2020 and 1 January 2021	**1,531,854**	**7,396**	**(665,124)**	**874,126**
Loss and total comprehensive loss for the year	**–**	**–**	**(33,131)**	**(33,131)**
Issuance of shares upon share swap, net of transaction costs *(Note 33(iii))*	**9,500**	**–**	**–**	**9,500**
Issuance of shares upon exercise of share options *(Note 33(ii))*	**6,934**	**(1,285)**	**–**	**5,649**
Lapse of share options *(Note 35(a))*	**–**	**(3,506)**	**–**	**(3,506)**
Recognition of equity-settled share-based payments *(Note 35(a))*	**–**	**2,823**	**–**	**2,823**
At 31 December 2021	**1,548,288**	**5,428**	**(698,255)**	**855,461**

35. 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 EGM 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 directors 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.

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 30 June 2021, the Scheme 2012 was terminated and a new share option scheme (the "**Scheme 2021**") was adopted. The adoption of Scheme 2021 will not in any event affect the terms of the grant of such outstanding options that has already been granted under the Scheme 2012 and shall continue to be valid and subject to the provisions of Scheme 2012.

The purpose of the Scheme 2021 is to enable the Company to grant options to selected participants as incentives or rewards for their contribution or potential contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Under the Scheme 2021, the directors may, at their absolute discretion, invite any eligible participant (employees, directors, consultants, advisers and staff of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Group) to take up options to subscribe for shares in the Company representing up to a maximum 30% of the relevant class of shares in issue from time to time and no options may be granted under the Scheme 2021 or any other share option schemes of the Company if this will result in this limit being exceeded. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme 2021 and any other share option schemes of the Company must not, in aggregate, exceed 10% of total number of shares in issue as at the date of the approval of the Scheme 2021, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors or any of their respective associates in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the Company's shares in issue and with an aggregate value, based on the closing price of the Company's shares at the date of each grant, in excess of HKD5,000,000 must be approved by the Company's shareholders. Options granted must be taken up within 21 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 directors 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.

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

(a) Share option scheme *(Continued)*

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 during the year ended 31 December 2020)	Number of options (after adjustment in relation to the share consolidation and the rights issue during the year ended 31 December 2020)	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
Options granted to directors, employees and a consultant – 21 May 2021	N/A	63,000,000	Fully vested on the date of grant	2 years
Options granted to directors and employees – 17 September 2021	N/A	94,900,000	Fully vested on the half-year date from the date of grant	1.5 years

35. 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 and the Scheme 2021 during the years ended 31 December 2021 and 2020:

	Date of grant	Exercise price HKD *(Note)*	Exercisable period	Outstanding at 1 January 2020	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 and 1 January 2021	Granted during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 December 2021
Directors	26 March 2019	2.502 (2020: 2.502)	26 March 2020 to 25 March 2021	258,000,000	–	–	(245,100,000)	(11,000,000)	(10,676)	–	1,889,324	**-**	**-**	**(1,889,324)**	**-**
	27 March 2020	0.563 (2020: 0.563)	27 March 2020 to 26 March 2022	–	620,000,000	–	(589,000,000)	(12,400,000)	(104,496)	–	18,495,504	**-**	**-**	**-**	**18,495,504**
	21 May 2021	0.1254 (2020: N/A)	21 May 2021 to 20 May 2023	–	–	–	–	–	–	–	–	**28,200,000**	**(18,800,000)**	**-**	**9,400,000**
	17 September 2021	0.108 (2020: N/A)	16 March 2022 to 16 September 2023	–	–	–	–	–	–	–	–	**11,400,000**	**-**	**-**	**11,400,000**
Employees	26 March 2019	2.502 (2020: 2.502)	26 March 2020 to 25 March 2021	20,000,000	–	–	(19,000,000)	–	(5,619)	–	994,381	**-**	**-**	**(994,381)**	**-**
	27 March 2020	0.563 (2020: 0.563)	27 March 2020 to 26 March 2022	–	454,000,000	–	(431,300,000)	–	(127,531)	(16,009,549)	6,562,920	**-**	**-**	**-**	**6,562,920**
	21 May 2021	0.1254 (2020: N/A)	21 May 2021 to 20 May 2023	–	–	–	–	–	–	–	–	**25,400,000**	**(25,400,000)**	**-**	**-**
	17 September 2021	0.108 (2020: N/A)	16 March 2022 to 16 September 2023	–	–	–	–	–	–	–	–	**83,500,000**	**-**	**-**	**83,500,000**
Consultants	26 March 2019	2.502 (2020: 2.502)	26 March 2020 to 25 March 2021	440,000,000	–	–	(418,000,000)	–	(123,596)	(19,887,640)	1,988,764	**-**	**-**	**(1,988,764)**	**-**
	6 June 2019	1.605 (2020: 1.605)	6 June 2020 to 5 June 2021	440,000,000	–	–	(418,000,000)	–	(123,596)	(18,893,258)	2,983,146	**-**	**-**	**(2,983,146)**	**-**
	27 March 2020	0.563 (2020: N/A)	27 March 2020 to 26 March 2022	–	174,000,000	(124,000,000)	(47,500,000)	–	(14,045)	(2,485,955)	–	**-**	**-**	**-**	**-**
	21 May 2021	0.1254 (2020: N/A)	21 May 2021 to 20 May 2023	–	–	–	–	–	–	–	–	**9,400,000**	**(9,400,000)**	**-**	**-**
				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	**157,900,000**	**(53,600,000)**	**(7,855,615)**	**129,358,424**

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 2021, the weighted average remaining contractual life of these outstanding share options is approximately 1.40 years (2020: 1.01 years), with a weighted average exercise price of HKD0.197 (2020: HKD0.945) per share option. At 31 December 2021, the number of exercisable share options was 129,358,424 (2020: 32,914,039).

Certain share options were cancelled during the year ended 31 December 2020, 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 was reclassified to accumulated losses during the year ended 31 December 2020.

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

(a) Share option scheme *(Continued)*

Certain share options were lapsed during the year ended 31 December 2021. As result, share option reserve of approximately HKD3,506,000 (2020: Nil) was reclassified to accumulated losses during the year ended 31December 2021.

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 (2020: Colliers), a firm of independent professional valuers, with the following inputs:

	27 March 2020	21 May 2021	17 September 2021
Share price at date of grant	HKD0.028	HKD0.121	**HKD0.106**
Exercise price	HKD0.028	HKD0.1254	**HKD0.108**
Expected volatility	53.120%	41.070%	**56.840%**
Risk-free rate	0.640%	0.097%	**0.126%**
Expected dividend yield	0%	0%	**0%**
Expected life	2 years	2 years	**1.5 years**

Share options granted under the Scheme 2012 and the Scheme 2021 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 2021 and 2020 were set out below:

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 ended 31 December 2020.

The fair value of share options granted to directors, employees and consultants on 26 March 2019 amounting to approximately HKD16,134,000, of which HKD3,774,000 was included in the consolidated profit or loss for the year ended 31 December 2020. The fair value of share options granted to consultants on 6 June 2019 amounting to approximately HKD9,715,000, of which HKD4,182,000 was included in the consolidated profit or loss the year ended 31 December 2020. 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 consolidated profit or loss for the year ended 31 December 2020.

The fair value of share options granted to directors, employees and a consultants on 21 May 2021 amounting to approximately HKD1,513,000, of which the full amount was included in the consolidated profit or loss for the year ended 31 December 2021. The fair value of share options granted to directors and employees on 17 September 2021 amounting to approximately HKD2,158,000, of which approximately HKD1,310,000 was included in the consolidated profit or loss for the year ended 31 December 2021.

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.

35. 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 (2020: Nil). No share award has been granted, vested, lapsed and cancelled during the year (2020: Nil).

No shares of the Company were held by the trustee of the Share Award Scheme as at 31 December 2021 and 2020.

36. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2020

(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 was 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 considered the credit risk of these parties was 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)*

For the year ended 31 December 2020 *(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 was 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)*

For the year ended 31 December 2020 *(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 were 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 were due from various group of debtors and the directors of the Company considered the credit risk of these parties was 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. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2021

Disposal of 上海祖昆夫特文化科技有限公司（"祖昆夫特"）

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

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

37. DISPOSAL OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2021 *(Continued)*

Disposal of 上海祖昆夫特文化科技有限公司（"祖昆夫特"）*(Continued)*

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

	HKD'000
Property, plant and equipment *(Note 16)*	6
Trade and other receivables	85
Inventories	1,402
Cash and bank balances	148
Accruals and other payables	(2,094)
Tax payable	(35)
Net liabilities of 祖昆夫特 and 未徠絲路 disposed of	(488)
Non-controlling interests *(Note)*	213
Release of translation reserve	11
Gain on disposal of subsidiaries	264
Total consideration to be satisfied by cash	–*

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

	HKD'000
Cash consideration received	–*
Cash at bank disposed of	(148)
Net cash outflow arising on Disposal	(148)

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

* *amount less than HKD1,000*

37. DISPOSAL OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2020

(a) Disposal of Future Finet Limited ("Future Finet")

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

Future Finet commenced its mask production business in April 2020. However, having considered the reduction in demand and needs of masks in Hong Kong in late April 2020, the Group decided to cease its own local mask production in order to control costs. On 14 May 2020, the Company entered into a sale and purchase agreement with an independent third party (the "**Buyer**"), pursuant to which the Group agreed to dispose of its 51% equity interest in Future Finet and assigned 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 had 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

37. DISPOSAL OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2020 *(Continued)*

(b) Disposal of 鉅合

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

Cash at bank disposed of	(521)
Net cash outflow arising on disposal of 鉅合	(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(ii) which was fully settled during the year ended 31 December 2021.

38. 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 HKD547,000 (2020: HKD430,000) represents contributions payable to these schemes by the Group in respect of the current reporting period.

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 future minimum undiscounted lease payments:

	2021 **HKD'000**	2020 HKD'000
Within one year	**5,691**	14,278
Over one year but within two years	**2,154**	4,904
Over two years but within five years	**2,256**	1,861
	10,101	21,043

(b) Other commitment

Unpaid share capital for 揚州越界

For the 30% registered capital of RMB1,980,000 (equivalent to approximately HKD2,425,000) (2020: RMB1,980,000 (equivalent to approximately HKD2,323,000)) 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 HKD1,812,000) (2020: RMB1,480,000 (equivalent to approximately HKD1,764,000)) 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 2021 and 2020.

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 ended 31 December 2021, 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, outsourced the assembling working to and purchased raw material from 成都焊研威達科技股份有限公司 (“**成都焊研威達**”) of high technology business of approximately RMB15,030,000 (equivalent to approximately HKD18,138,000) (2020: RMB55,185,000 (equivalent to approximately HKD62,067,000)), in which 金雲龍 is the key management personnel of both 合肥哈工焊研威達 and 成都焊研威達. During the year ended 2020, 合肥哈工焊研威達 also received the aggregate income on high technology business from 成都焊研威達 of approximately RMB36,462,000 (equivalent to approximately HKD41,009,000).

(ii) During the year ended 31 December 2021, 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 RMB4,167,000 (equivalent to approximately HKD5,029,000) (2020: RMB17,948,000 (equivalent to approximately HKD20,186,000)), in which 金雲龍 is the key management personnel of both 合肥哈工廣泰 and 成都廣泰威達.

(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:

	2021 **HKD'000**	2020 HKD'000
Fees, salaries, bonuses and other benefits in kind	**4,780**	8,895
Contributions to retirement benefits scheme	**111**	162
Share-based payment expenses	**848**	7,236
	5,739	16,293

41. INTERESTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2021 and 2020 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		
			2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	
			%	%	**%**	%	**%**	%	**%**	%	
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 (2020: HKD5,500,000) *(Note (vi))*	**–**	–	**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

41. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries as at 31 December 2021 and 2020 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		
			2021 %	2020 %	**2021** %	2020 %	**2021** %	2020 %	**2021** %	2020 %	
Alpha Idea Holdings Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Inactive
Future Finet *(Note (v))*	Hong Kong, limited liability	HKD1	**–**	–	**–**	–	**–**	–	**–**	–	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	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 Holding Limited	Hong Kong, limited liability	HKD10	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Property investment in the PRC
鉅合 *(Note (v))*	The PRC, limited liability *(Note (ii))*	N/A	**–**	–	**–**	–	**–**	–	**–**	–	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 (vi))*	**–**	–	**46%** *(Note (x))*	46% *(Note (x))*	**–**	–	**46%** *(Note (x))*	46% *(Note (x))*	Inactive
江蘇未徠哈工漫威機器人有限公司 *(Note (viii))*	The PRC, limited liability *(Note (iii))*	– *(Note (vi))*	**–**	–	**55%**	55%	**–**	–	**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 (iv) and (viii))*	The PRC, limited liability *(Note (iii))*	– *(Note (vi))*	**–**	–	**–**	100%	**–**	–	**–**	100%	Trading business in the PRC
上海祖昆夫特文化科技有限公司 *(Note (iv) and (ix))*	The PRC, limited liability *(Note (iii))*	– *(Note (vi))*	**–**	–	**–**	51%	**–**	–	**–**	51%	Trading of anime products in the PRC

41. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries as at 31 December 2021 and 2020 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		
			2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	
			%	%	**%**	%	**%**	%	**%**	%	
合肥哈工威達智能裝備有限公司 *(Note (viii))*	The PRC, limited liability *(Note (iii))*	RMB7,357,000 *(Note (vi))*	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
合肥哈工焊研威達自動化科技有限公司 *(Note (viii))*	The PRC, limited liability *(Note (iii))*	– *(Note (vi))*	**–**	–	**51%**	51%	**–**	–	**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 (viii))*	The PRC, limited liability *(Note (iii))*	– *(Note (vi))*	**–**	–	**51%**	51%	**–**	–	**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 (ix))*	The PRC, limited liability *(Note (i))*	HKD9,000,000 *(Note (vi))*	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
江蘇哈工能際新能源有限公司 *(Note (ix))*	The PRC, limited liability *(Note (iii))*	– *(Note (vi))*	**–**	–	**51%**	51%	**–**	–	**51%**	51%	Inactive
Enlighten Cultural Future Limited *(Note (vii))*	Hong Kong, limited liability	HKD1	**–**	–	**–**	100%	**–**	–	**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 2021. Please refer to Note 37 for details.

(v) These companies were disposed of during the year ended 31 December 2020. Please refer to Note 37 for details.

(vi) As at 31 December 2021, certain subsidiaries' registered capital has not been fully paid up and aggregated unpaid share capital comprised of approximately HKD51,000,000, RMB46,396,000 (equivalent to approximately HKD56,809,000) and Rupiahs 27,000,000,000 (equivalent to approximately HKD14,750,000) (2020: HKD51,000,000, RMB109,513,000 (equivalent to approximately HKD130,529,000) and Rupiahs 27,000,000,000 (equivalent to approximately HKD14,850,000)).

(vii) The subsidiary dissolved during 31 December 2021.

(viii) The subsidiaries were acquired during the year ended 31 December 2020. Please refer to Note 36 for details.

(ix) The subsidiaries were incorporated during the year ended 31 December 2020.

(x) 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 2021 and 2020.

41. INTERESTS IN SUBSIDIARIES *(Continued)*

As at 31 December 2021, (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 year ended 31 December 2021 (2020: the period from 15 April 2020 to 31 December 2020*), before intra-group eliminations, is presented below:

	2021 HKD'000	2020 HKD'000
As at 31 December		
NCI percentage	**49%**	49%
Current assets	**47,544**	78,991
Non-current assets	**–**	7,572
Current liabilities	**(46,731)**	(66,605)
Non-current liabilities	**(4,214)**	(5,501)
Net (liabilities)/assets	**(3,401)**	14,457
Accumulated balance of NCI	**(1,666)**	7,084
	For the year ended 31 December 2021	For the period from 15 April 2020 to 31 December 2020*
Revenue	**48,684**	157,209
(Loss)/profit for the year/period	**(17,990)**	13,457
Other comprehensive income for the year/period	**133**	820
Total comprehensive (loss)/income for the year/period	**(17,857)**	14,277
(Loss)/profit allocated to NCI for the year/period	**(8,815)**	6,594
Other comprehensive income allocated to NCI for the year/period	**65**	402
Total comprehensive (loss)/income allocated to NCI for the year/period	**(8,750)**	6,996
Cash flows from operating activities	**(6,100)**	(9,888)
Cash flows from investing activities	**(368)**	(727)
Cash flows from financing activities	**5,193**	7,601
Net cash outflows	**(1,275)**	(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 period from 1 January 2020 to 14 April 2020 are not presented.

41. 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 year ended 31 December 2021 (2020: the period from 17 March 2020 to 31 December 2020*), before intra-group eliminations, is presented below:

	As at 31 December 2021 HKD'000	As at 31 December 2020 HKD'000
As at 31 December 2020		
NCI percentage	**45%**	45%
Current assets	**7,175**	11,390
Current liabilities	**(9,950)**	(8,395)
Net (liabilities)/ assets	**(2,775)**	2,995
Accumulated balance of NCI	**(1,249)**	1,348

	For the year ended 31 December 2021	For the period from 17 March 2020 to 31 December 2020*
Revenue	**44**	23,149
(Loss)/profit for the year/period	**(5,766)**	2,768
Other comprehensive (loss)/income for the year/period	**(4)**	171
Total comprehensive (loss)/income for the year/period	**(5,770)**	2,939
(Loss)/profit allocated to NCI for the year/period	**(2,595)**	1,246
Other comprehensive (loss)/income allocated to NCI for the year/period	**(2)**	77
Total comprehensive (loss)/income allocated to NCI for the year/period	**(2,597)**	1,323
Cash flows from operating activities	**(3,391)**	–
Cash flows from investing activities	**–**	3,178
Net cash (outflows)/inflows	**(3,391)**	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.

42. 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 lease liabilities, bank borrowings and other borrowings disclosed in Notes 29, 30 and 31 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and 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.

43. FINANCIAL INSTRUMENTS BY CATEGORY

	2021 **HKD'000**	2020 HKD'000
Financial assets		
At FVTOCI:		
Equity instruments	**97,308**	220,117
At FVTPL:		
Equity instruments	**1,408**	1,394
Debt instrument	**5,390**	–
	6,798	1,394
At amortised cost:		
Loan and interest receivables	**332,245**	338,015
Trade, bills and other receivables	**29,740**	74,916
Contract assets	**4,672**	8,594
Pledged bank deposits and cash and bank balances	**12,077**	12,491
	378,734	434,016
	482,840	655,527
Financial liabilities		
At amortised cost:		
Trade payables, accruals and other payables	**42,107**	72,993
Lease liabilities	**6,153**	9,378
Bank borrowings	**299,236**	305,009
Other borrowings	**108,970**	143,709
	456,466	531,089

44. 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.

	2021 **HKD'000**	2020 HKD'000
Financial assets:		
Pledged bank deposits and cash and bank balances		
– EUR	**144**	336
– USD	**–**	97

44. 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.

	2021		2020	
	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
EUR	**5%**	**6**	5%	14
	(5%)	**(6)**	(5%)	(14)

44. 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.

	2021 HKD'000 (Increase)/ decrease in post-tax loss	2020 HKD'000 (Increase)/ decrease in post-tax loss
100 basis point increase	**(2,488)**	(2,547)
100 basis point decrease	**2,488**	2,547

(iii) Other price risk

The Group is exposed to price risk arising from certain investments held by the Group are classified in the consolidated statement of financial position as 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 and the securities bond price risk is mainly concentrated on the debt instruments quoted market price in over-the-counter market. 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 and debt instrument had been 30% (2020: 30%) higher/lower and all other variables were held constant, post-tax loss for the year would decrease/increase by approximately HKD1,703,000 (2020: HKD349,000) as a result of the change in fair value of financial assets at FVTPL, and fair value reserve would increase/decrease by approximately HKD24,376,000 (2020: HKD66,035,000) as a result of the change in fair value of financial assets at FVTOCI.

44. 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 2021, the Group has concentration of credit risk as 69% (2020: 67%) and 77% (2020: 75%) of the total loan and interest receivables were due from the Group's largest one and two debtors. The loan and interest receivables were due from 13 (2020: 10) debtors.

The Group has significant concentration risk on the largest customer as it represented 29% (2020: 17%) of the total revenue for the year.

The Group has two types of financial assets that are subject to the ECL model:

– loan and interest receivables; and

– trade and other 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.

44. 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 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 2021 and 2020. The amounts presented are gross carrying amounts for loan and interest receivables.

	12-month ECLs	Lifetime ECLs		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HKD'000	HKD'000	HKD'000	HKD'000
At 31 December 2021				
Not yet past due	**353,749**	**–**	**–**	**353,749**
At 31 December 2020				
Not yet past due	354,482	–	–	354,482

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, 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.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Impairment of financial assets (Continued)

(ii) Trade and other 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 credit 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.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Impairment of financial assets (Continued)

(ii) Trade and other receivables and contract assets *(Continued)*

On that basis, the credit loss allowances as at 31 December 2021 and 2020 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 2021				
Not yet past due	**0.00%**	**890**	**–**	**890**
Less than 30 days past due	**0.31%**	**1,292**	**(4)**	**1,288**
30 days to 90 days past due	**1.26%**	**5,401**	**(68)**	**5,333**
More than 90 days past due	**32.21%**	**9,636**	**(3,104)**	**6,532**
		17,219	**(3,176)**	**14,043**
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

As at 31 December 2021 and 2020, trade receivables are due to various group of debtors and the directors of the Company consider the credit risk of these parties is low, except for approximately RMB2,089,000 (equivalent to approximately HKD2,559,000) (2020: Nil) which has been credit-impaired due to long ageing.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Impairment of financial assets (Continued)

(ii) Trade and other receivables and contract assets *(Continued)*

Movement of impairment loss allowances for trade and other receivables are as follows:

	Other receivables HKD'000	**Trade receivables** HKD'000
At 1 January 2020	–	–
Increase in loss allowance recognised in consolidated profit or loss during the year	–	125
Exchange realignment	–	3
At 31 December 2020 and 1 January 2021	–	128
Increase in loss allowance recognised in consolidated profit or loss during the year	189	2,997
Exchange realignment	–	51
At 31 December 2021	**189**	**3,176**

Loss allowance for ECL on trade and other receivables are included in provision for credit loss allowances on trade and other receivables, net under the consolidated statement of profit or loss and other comprehensive income.

44. 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 HKD351,362,000 as at 31 December 2021, 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 2021						
Trade payables and accruals and other payables	**N/A**	**42,107**	**–**	**–**	**42,107**	**42,107**
Lease liabilities	**2.05**	**1,914**	**1,656**	**2,799**	**6,369**	**6,153**
Bank borrowings	**2.45**	**299,236**	**–**	**–**	**299,236**	**299,236**
Other borrowings	**6.14**	**109,511**	**–**	**–**	**109,511**	**108,970**
		452,768	**1,656**	**2,799**	**457,223**	**456,466**
At 31 December 2020						
Trade payables and accruals and other payables	N/A	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

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Liquidity risk *(Continued)*

The table below summarises the maturity analysis of bank borrowings with a repayment on demand clause based on the agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using the specified interest rates. As a result, these amounts are greater than the amounts disclosed in the "on demand" time band in the maturity analysis above. The directors of the Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Maturity Analysis – bank borrowings subject to a repayment on demand clause based on scheduled repayments

	Within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amounts
		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
At 31 December 2021	**4,294**	**4,299**	**92,393**	**75,371**	**178,703**	**355,060**	**299,236**
At 31 December 2020	4,405	4,505	88,839	75,372	193,780	366,901	305,009

45. 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

Certain financial assets of the Group are measured at fair value at the end of each reporting period. Below is a summary of fair value hierarchy, valuation techniques used and the key inputs to evaluate the fair values of these financial assets:–

Financial assets	Fair value as at 31 December 2021 HKD'000	31 December 2020 HKD'000	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
Listed equity securities as financial assets at FVTOCI	**97,308**	220,117	Level 1	Quoted bid prices in an active market	N/A
A securities bond classified as financial assets at FVTPL	**5,390**	–	Level 2	Quoted bid price in over-the-counter market	N/A
Listed equity securities classified as financial assets at FVTPL	**1,408**	1,394	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 2021				
Financial assets				
At FVTOCI	**97,308**	**–**	**–**	**97,308**
AT FVTPL	**1,408**	**5,390**	**–**	**6,798**
At 31 December 2020				
Financial assets				
At FVTOCI	220,117	–	–	220,117
At FVTPL	1,394	–	–	1,394

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.

46. EVENTS AFTER THE REPORTING PERIOD

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

(a) On 15 December 2021, the director of the Company proposed to implement a share consolidation on the basis that every 20 issued and unissued shares of HKD0.02 each would be consolidated into one consolidated share of HKD0.4 each and announced the proposed rights issue on the basis of three rights share for every two consolidated shares.

Pursuant to an ordinary resolution passed on 21 February 2022, the share consolidation and the proposed rights issue were approved by the shareholders of the Company and the share consolidation has become effective on 23 February 2022. Immediately after the share consolidation, the total number of issued shares of the Company was adjusted from 1,093,921,858 to 54,696,092. The proposed rights issue was not yet completed as at the date of this report.

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

(b) On 10 January 2022, a wholly-owned subsidiary of the Company, 江蘇未徠楝楠科技有限公司 entered into a conditional sales and purchases agreement (the "**Sales and Purchases Agreement**") with an independent third party, 揚州桓武科技有限公司, a company incorporated in the PRC. Pursuant to the Sales and Purchases Agreement, 江蘇未徠楝楠科技有限公司 agreed to sell its 55% equity interest of 江蘇未徠哈工漫威機器人有限公司, represent the entire equity interest held by the Group with consideration an aggregate consideration of RMB1 subject to and conditional upon the terms of the Sale and Purchase Agreement. As at 31 December 2021, 江蘇未徠楝楠科技有限公司 is the registered holder of 55% (2020: 55%) of the registered capital of 江蘇未徠哈工漫威機器人有限公司. As the date of this report, the transaction has completed. According, 江蘇未徠哈工漫威機器人有限公司 ceased to be a subsidiary of the Group.

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

47. CASH FLOW INFORMATION

(a) 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 32)*
At 1 January 2020	–	5,815	312,369	173,061	–
Changes from financing cash flows:					
Proceeds from bank borrowings	–	–	80,000	–	–
Proceeds from other borrowings	–	–	–	11,328	–
Repayment of bank borrowings	–	–	(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 and 1 January 2021	10,445	9,378	305,009	143,709	–

47. CASH FLOW INFORMATION *(Continued)*

(a) 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 32)*
Changes from financing cash flows:					
Proceeds from bank borrowings	–	–	83,741	–	–
Proceeds from other borrowings	–	–	–	90,539	–
Repayment of bank borrowings	–	–	(89,569)	–	–
Repayment of other borrowings	–	–	–	(125,278)	–
Interest paid on bank and other borrowings	–	–	(7,299)	(8,911)	–
Repayment of lease liabilities – principal	–	(3,554)	–	–	–
Repayment of lease liabilities – interest	–	(152)	–	–	–
Repayment of promissory note – principal	–	–	–	–	(14,020)
Repayment of promissory note – interest	–	–	–	–	(124)
Total changes from financing cash flows	–	(3,706)	(13,127)	(43,650)	(14,144)
Other changes:					
Interest expenses *(Note 9)*	423	152	7,299	8,911	188
Addition of new lease *(Note 17)*	–	729	–	–	–
Issuance of promissory note	–	–	–	–	13,800
Early termination of a lease agreement	–	(569)	–	–	–
Accrued interest included in accruals	(429)	–	–	–	–
Gain on early redemption of the promissory note *(Note 10)*	–	–	–	–	156
Exchange realignment	291	169	55	–	–
Total other changes	285	481	7,354	8,911	14,144
At 31 December 2021	10,730	6,153	299,236	108,970	–

(b) Major non-cash transactions

During the year ended 31 December 2021, a right-of-use asset for new lease agreement entered by the Group for an office premises (2020: a production plant) with amount of approximately HKD729,000 (2020: HKD6,818,000) and the same amounts of lease liabilities were recognised.

Save for the share swap transaction as disclosed in Note 33(iii) and above-mentioned transaction, the Group did not have other major non-cash transactions during year ended 31 December 2021.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2021 HKD'000	2020 HKD'000
Non-current assets			
Property, plant and equipment		**24**	48
Interests in subsidiaries		**585,382**	588,695
		585,406	588,743
Current assets			
Deposit paid		**87**	87
Amounts due from subsidiaries		**361,982**	360,640
Cash and bank balances		**1,157**	1,058
		363,226	361,785
Current liabilities			
Accruals and other payables		**1,300**	5,399
Amounts due to subsidiaries		**69,993**	52,097
		71,293	57,496
Net current assets		**291,933**	304,289
Net assets		**877,339**	893,032
Capital and reserves			
Share capital	33	**21,878**	18,906
Reserves	34	**855,461**	874,126
Total equity		**877,339**	893,032

The Company's statement of financial position was approved and authorised for issue by the board of directors on 29 March 2022 and is signed on its behalf by:

Yu Qingrui
Director

Lau Fai Lawrence
Director

Five-year Financial Summary

RESULTS

	For the Year Ended 31 December				
	2021	2020	2019	2018	2017
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Revenue	**85,991**	234,659	80,916	39,674	86,599
(Loss)/profit before income tax	**(18,797)**	(26,557)	(52,389)	(85,771)	468,234
Income tax credit/(expenses)	**42**	(4,593)	(1,602)	5,931	13,605
(Loss)/profit for the year	**(18,755)**	(31,150)	(53,991)	(79,840)	481,839

ASSETS AND LIABILITIES

	As at 31 December				
	2021	2020	2019	2018	2017
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Total assets	**1,381,292**	1,491,896	1,436,729	1,852,962	1,818,631
Total liabilities	**(466,040)**	(538,663)	(502,534)	(567,576)	(301,685)
Total equity	**915,252**	953,233	934,195	1,285,386	1,516,946