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FUTURE WORLD FINANCIAL HOLDINGS LIMITED

未來世界金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 572)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	For the six months ended 30 June		% of changes
	2019 (unaudited)	2018 (unaudited)	
Revenue (<i>HKD'000</i>)	19,385	18,825	3
Net realised gain from securities trading and investments (<i>HKD'000</i>)	–	4,887	(100)
Operating Profit/(Loss) (<i>HKD'000</i>)	30,607	(23,038)	N/A
Profit/(Loss) to owners of the Company (<i>HKD'000</i>)	15,606	(31,847)	N/A
Earnings/(Loss) per share (<i>HK cent</i>)	0.13	(0.31)	N/A

The board (the “**Board**”) of directors (the “**Directors**”) of Future World Financial Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2019 (the “**Period**”) together with comparative figures for the corresponding period of 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	<i>Notes</i>	<i>HKD’000</i>	<i>HKD’000</i>
		(Unaudited)	(Unaudited)
Net realised gain from securities trading and investments	<i>5</i>	–	4,887
Revenue	<i>5</i>	19,385	18,825
Cost of sales		<u>(779)</u>	<u>–</u>
Gross profit		18,606	18,825
Other income		6	10
Administrative expenses		(10,945)	(15,218)
Credit loss allowances on loan and interest receivables		(2,210)	(6,071)
Reversal of impairment loss recognised on trade and other receivables		–	2,688
Reversal of expected credit loss on loan commitment		2,456	–
Change in fair values of financial assets at fair value through profit or loss		15,662	(23,807)
Change in fair value of investment properties	<i>12</i>	12,000	14,000
Change in fair value of crypto currency		–	(18,352)
Share-based payment expense		<u>(4,968)</u>	<u>–</u>

	Notes	Six months ended 30 June	
		2019 HKD'000 (Unaudited)	2018 HKD'000 (Unaudited)
Operating profit/(loss)		30,607	(23,038)
Finance costs	7	<u>(14,191)</u>	<u>(6,658)</u>
Profit/(Loss) before income tax	8	16,416	(29,696)
Income tax expenses	9	<u>(810)</u>	<u>(2,151)</u>
Profit/(Loss) for the period		<u>15,606</u>	<u>(31,847)</u>
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		69	–
Item that will not be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		(239,771)	(202,436)
Loss on disposal of financial assets at fair value through other comprehensive income		<u>(4,424)</u>	<u>–</u>
Other comprehensive loss for the period, net of income tax		<u>(244,126)</u>	<u>(202,436)</u>
Total comprehensive loss for the period		<u>(228,520)</u>	<u>(234,283)</u>
Profit/(Loss) for the period attributable to:			
– Owners of the Company		15,606	(31,847)
– Non-controlling interest		<u>–</u>	<u>–</u>
		<u>15,606</u>	<u>(31,847)</u>
Total comprehensive loss attributable to:			
– Owners of the Company		(228,520)	(234,283)
– Non-controlling interest		<u>–</u>	<u>–</u>
		<u>(228,520)</u>	<u>(234,283)</u>
Earnings/(Loss) per share attributable to owners of the Company			
– Basic	11	HK0.13 cent	HK(0.31) cent
– Diluted		<u>HK0.13 cent</u>	<u>HK(0.31) cent</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		30 June 2019	31 December 2018
	<i>Notes</i>	<i>HKD'000</i>	<i>HKD'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	<i>12</i>	2,296	1,826
Investment properties	<i>12</i>	690,000	678,000
Right-of-use assets	<i>12</i>	6,899	–
Deposits paid for leasing of premises		948	–
Financial assets at fair value through other comprehensive income	<i>13</i>	443,942	698,020
Deferred tax assets		5,412	5,453
		<u>1,149,497</u>	<u>1,383,299</u>
Current assets			
Inventories		536	–
Loan and interest receivables	<i>15</i>	432,480	423,088
Financial assets at fair value through profit or loss	<i>14</i>	47,056	31,394
Interest in a film right		–	–
Trade and other receivables, deposits and prepayments	<i>15</i>	7,388	7,957
Cash and bank balances		41,467	6,194
Income tax recoverable		1,801	1,030
		<u>530,728</u>	<u>469,663</u>

		30 June	31 December
		2019	2018
	<i>Notes</i>	<i>HKD'000</i>	<i>HKD'000</i>
		(Unaudited)	(Audited)
Current liabilities			
Accruals and other payables		9,642	14,241
Lease liabilities		3,393	–
Bank borrowings	<i>16</i>	316,684	320,945
Other borrowings	<i>17</i>	215,052	220,260
Income tax payables		12,899	12,130
		<u>557,670</u>	<u>567,576</u>
Net current liabilities		<u>(26,942)</u>	<u>(97,913)</u>
Non-current liabilities			
Lease liabilities		<u>3,204</u>	–
Net assets		<u>1,119,351</u>	<u>1,285,386</u>
Capital and reserves			
Share capital	<i>18</i>	12,480	11,580
Reserves		<u>1,106,877</u>	<u>1,273,812</u>
Equity attributable to owners of the Company		1,119,357	1,285,392
Non-controlling interest		<u>(6)</u>	<u>(6)</u>
Total equity		<u>1,119,351</u>	<u>1,285,386</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL

Future World Financial Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

The condensed consolidated interim financial statements are presented in Hong Kong dollars (“**HKD**”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated. The condensed consolidated interim financial statements were approved for issue by the board of directors on 26 August 2019.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2019 (“**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2018.

Going concern

As of 30 June 2019, the Group has net current liabilities of approximately HKD26,942,000. This condition indicates that a material uncertainty exists which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

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

The current liabilities of the Group include bank borrowings of approximately HKD228,033,000, 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 18 – 24 years time. The Group regularly monitors its compliance with covenants and scheduled repayments of such bank borrowings and the directors of the Company do not consider that the banks will exercise their discretion to demand repayment so long as the Group continues to meet these requirements.

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

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

3. PRINCIPAL ACCOUNTING POLICIES

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

The Interim Financial Statements have been prepared based on the same accounting policies adopted in the 2018 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2019. Save as disclosed in the changes in accounting policies in Note 4, the application of other new and revised HKFRSs in the current period has no material effect on the amounts reported and/or disclosures set out in the Interim Financial Statements.

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

4. IMPACT OF CHANGES IN ACCOUNTING POLICY

This note explains the impact of the adoption of HKFRS 16 Leases on the Interim Financial Statements and also discloses the new accounting policies that have been applied from 1 January 2019, where they are not applied or are different to those applied in prior periods. The Group has concluded not to restate the comparative figures based on the specific transitional provision in HKFRS 16.

HKFRS 16 Leases

HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied HKFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under HKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under HK(IFRIC) Int-4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC) Int-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) As a lessee

The Group leases properties.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets as a separate line item in the statement of financial position. The Group presents lease liabilities as a separate line item in the statement of financial position.

(i) Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the finance cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

(ii) Transition

Previously, the Group classified property leases as operating leases under HKAS 17. The leases typically run for a period of 1 year.

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(c) As a lessor

The Group leases out its investment properties. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under HKAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group is not required to make any adjustments on transition to HKFRS 16 for leases in which it acts as a lessor.

Under HKAS 17, the head lease contracts were classified as operating leases. On transition to HKFRS 16, the right-of-use assets recognised from the head leases are presented in property, plant and equipment, and measured at fair value on transition to HKFRS 16.

(d) Impacts on financial statements

(i) Impacts on transition

When measuring lease liabilities for leases that were classified as operating leases, the Group has applied the practical expedient to account for the operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

	At 1 January 2019 HKD'000
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	1,142
<i>Less:</i> short-term lease recognised on a straight-line basis as expense	<u>(1,142)</u>
Lease liabilities recognised at 1 January 2019	<u><u>–</u></u>

(ii) Impacts for the period

As a result of initially applying HKFRS 16, the Group recognised approximately HKD6,899,000 of right-of-use assets and approximately HKD6,597,000 of lease liabilities as at 30 June 2019.

Also in relation to those leases under HKFRS 16, the Group has recognised depreciation and finance costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised approximately HKD57,000 of depreciation charges and approximately HKD5,000 of finance costs from these leases.

HKFRS 15 Revenue from Contracts with Customers

Revenue is derived from the trading of robotics products directly to its customer. For trading of robotics products to the customers, the Group considers the revenue is recognised when the control of the goods has been transferred, being when the goods have been delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The customers has accepted the products and the performance obligation is satisfied at a point in time at which the products are delivered according to the term of sales contract.

5. REVENUE

Revenue represents the income received and receivable arising from the Group's principal activities including i) trading of robotics products; ii) securities trading and investment; iii) provision of financing services; and iv) property investment during the period. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
	(Unaudited)	(Unaudited)
Revenue		
Trading income from trading of robotics products	869	–
Interest income from provision of financing services	16,672	14,225
Rental income from property investment	1,000	4,600
Interest income from investment in film industry	844	–
	<u>19,385</u>	<u>18,825</u>
Net realised gain from securities trading and investments	<u>–</u>	<u>4,887</u>

6. SEGMENT INFORMATION

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

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

- Trading business and related services
- Securities trading and investment
- Provision of financing services
- Property investment
- E-commerce business
- Investment in film industry

Segment revenues and results

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

	Trading business and related services		Securities trading and investment		Provision of financing services		Property investment		E-commerce business		Investment in film industry		Total	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June		30 June		30 June		30 June	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue														
- External sales	869	-	-	-	16,672	13,570	1,000	4,600	-	-	844	655	19,385	18,825
Segment result	(3,486)	(1,915)	3,223	(46,000)	14,567	7,370	9,342	15,815	(141)	(124)	1,522	654	25,027	(24,200)
Unallocated corporate income													6	10
Unallocated corporate expenses													(3,649)	(5,506)
Share-based payment expenses													(4,968)	-
Profit/(Loss) before income tax													16,416	(29,696)

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

Segment assets and liabilities

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

	30 June	31 December
	2019	2018
	HKD'000	HKD'000
	(Unaudited)	(Audited)
Segment assets		
Trading business and related services	53,467	337
Securities trading and investment	483,147	723,088
Provision of financing services	428,064	419,559
Property investment	690,260	678,173
E-commerce business	1,302	1,286
Investment in film industry	21,581	25,534
	<hr/>	<hr/>
Total segment assets	1,677,821	1,847,977
Unallocated corporate assets	2,404	4,985
	<hr/>	<hr/>
Consolidated assets	<u>1,680,225</u>	<u>1,852,962</u>
Segment liabilities		
Trading business and related services	6,821	3
Securities trading and investment	295,203	300,523
Provision of financing services	4,204	6,212
Property investment	239,029	243,389
E-commerce business	13,160	14,942
Investment in film industry	389	295
	<hr/>	<hr/>
Total segment liabilities	558,806	565,364
Unallocated corporate liabilities	2,068	2,212
	<hr/>	<hr/>
Consolidated liabilities	<u>560,874</u>	<u>567,576</u>

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

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

7. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
	(Unaudited)	(Unaudited)
Interest expense on:		
Bank borrowings	5,245	2,138
Others borrowings	8,941	4,520
Leases liabilities	5	–
	<u>14,191</u>	<u>6,658</u>

8. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Six months ended 30 June	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
	(Unaudited)	(Unaudited)
Directors' and chief executive's emoluments, including share-based payment expenses of HKD1,543,000 (2018: Nil)	3,383	2,139
Other staff costs	2,320	1,481
Contributions to retirement benefits scheme	70	42
Share-based payment expenses for employees	119	–
Total staff costs	<u>5,892</u>	<u>3,662</u>
Auditor's remuneration		
– Other services	180	250
Cost of inventories recognised as an expense	779	–
Credit loss allowances on loan and interest receivables	2,210	6,071
Reversal of impairment loss recognised on trade and other receivables	–	(2,688)
Reversal of expected credit loss on loan commitment	(2,456)	–
Direct operating expenses arising from investment properties that generated rental income during the period	359	374
Depreciation of property, plant and equipment	365	386
Depreciation of right-of-use assets	57	–
Minimum lease payments in respect of operating lease of office premises	623	590
Share-based payment expenses for consultants	<u>3,306</u>	<u>–</u>

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2019 <i>HKD'000</i> (Unaudited)	2018 <i>HKD'000</i> (Unaudited)
Hong Kong Profits Tax		
– Charge for the period	769	2,151
Deferred tax charged	41	–
	<hr/>	<hr/>
Income tax expenses	810	2,151
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

10. DIVIDEND

The directors of the Company do not recommend for payment of a dividend for the six months ended 30 June 2019 (2018: Nil).

11. EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2019 <i>HKD'000</i> (Unaudited)	2018 <i>HKD'000</i> (Unaudited)
Profit/(Loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	<hr/> 15,606	<hr/> (31,847)
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	12,087,474	10,116,333
Effect of dilutive potential ordinary shares:		
Share options issued by the Company (<i>Note</i>)	<hr/> –	<hr/> –
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	12,087,474	10,116,333
	<hr/> <hr/>	<hr/> <hr/>

Note:

The computation of diluted earnings per share for the six months ended 30 June 2019 did not assume the exercise of the Company's outstanding share options because the exercise prices of those options were higher than the average market price for shares of the Company. The computation of diluted loss per share for the six months ended 30 June 2018 did not assume the exercise of the Company's outstanding share options since it would result in a decrease in the loss per share.

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

During the six months ended 30 June 2019, the Group paid approximately of HKD835,000 for the acquisition of property, plant and equipment (six months ended 30 June 2018: HKD136,000).

During the six months ended 30 June 2019, the Group disposed of certain items of property, plant and equipment with carrying values amounting to approximately Nil (six months ended 30 June 2018: HKD788,000) and recognised a loss of Nil (six months ended 30 June 2018: HKD488,000) in the profit or loss.

During the six months ended 30 June 2019, the Group entered into two new lease agreements for the use of two premises for two years respectively. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised approximately HKD6,956,000 of right-of-use assets and approximately HKD6,956,000 lease liability.

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

Fair value gain of HKD12,000,000 of investment properties has been recognised in profit or loss for the six months ended 30 June 2019 (six months ended 30 June 2018: HKD14,000,000). At 30 June 2019, the Group's investment property amounting approximately of HKD291,000,000 (31 December 2018: HKD285,000,000) has been pledged to secure the bank borrowings and other borrowings granted to the Group (*Notes 16 and 17*). At the same date, another investment property amounting approximately of HKD399,000,000 (31 December 2018: HKD393,000,000) has been pledged to secure the bank borrowings granted to the Group (*Note 16*).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2019	31 December 2018
	HKD'000	HKD'000
	(Unaudited)	(Audited)
Listed securities, at fair value:		
Equity securities listed in Hong Kong	443,942	698,020
Unlisted securities, at fair value:		
Equity securities in Hong Kong	—	—
	443,942	698,020
		<i>HKD'000</i>
Carrying amount as at 31 December 2018 (audited)		698,020
Disposal		(14,307)
Changes in fair value through other comprehensive income		(239,771)
Carrying amount as at 30 June 2019 (unaudited)		443,942

Note:

The fair values of the listed equity securities investments as at 30 June 2019 were determined based on the quoted market closing prices on the Stock Exchange.

At 30 June 2019, the Group's financial assets at fair value through other comprehensive income, with carrying amount of approximately HKD443,942,000 (31 December 2018: HKD676,095,000), have been pledged to secure the other borrowings granted to the Group (*Note 17*).

Unlisted equity securities in Hong Kong

The unlisted equity securities are shares in Upcoin Trading Centre Limited (“Upcoin”), a company incorporated in Hong Kong and was dormant during the current period and prior period. The Group acquired the shares in Upcoin in July 2018 and designated it as financial asset at fair value through other comprehensive income, as the investment is held for strategic purposes. No dividends were received on this investment during the current period and prior period. The directors of the Company considered the fair value of the investment in Upcoin is nil as at 31 December 2018. The Company disposed the shares in Upcoin to an independent third party on 26 April 2019 with the consideration of HKD1.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 HKD'000 (Unaudited)	31 December 2018 HKD'000 (Audited)
Listed securities, at fair value:		
Equity securities listed in Hong Kong (<i>Note (i)</i>)	37,200	22,217
Debt investment in film industry (<i>Note (ii)</i>)	<u>9,856</u>	<u>9,177</u>
	<u>47,056</u>	<u>31,394</u>
		<i>HKD'000</i>
For equity securities listed in Hong Kong:		
Carrying amount as at 31 December 2018 (audited)		22,217
Changes in fair value through profit or loss		<u>14,983</u>
Carrying amount as at 30 June 2019 (unaudited)		<u>37,200</u>
		<i>HKD'000</i>
For debt investment in film industry:		
Carrying amount as at 31 December 2018 (audited)		9,177
Changes in fair value through profit or loss		<u>679</u>
Carrying amount as at 30 June 2019 (unaudited)		<u>9,856</u>

Note:

- (i) The fair values of the listed equity securities investments as at 30 June 2019 were determined based on the quoted market closing prices on the Stock Exchange.

At 30 June 2019, the Group's financial assets at fair value through profit or loss, with carrying amount of approximately HKD37,200,000 (31 December 2018: HKD22,217,000), have been pledged to secure the other borrowings granted to the Group (*Note 17*).

- (ii) One of the Group's loans due from an entity engaged in investment in film industry amounted to approximately USD1,320,000 (equivalent to HKD10,296,000) did not fulfill the contractual cash flow characteristics test specified in HKFRS 9, such loan has been classified as financial assets at fair value through profit or loss since 1 January 2018. The loan is unsecured, and bearing fixed interest rate at 8% per annum.

As the Group is entitled an additional return (the "**Upside Return**") from the loan, with reference to sum received or receivable by the film production investor in connection to the provision of distribution services of the film. After assessment on status of the distribution service, the management considered that it was remote to recognise the Upside Return during the period.

Mr. Chen Xiaodong ("**Mr. Chen**"), who is a former director of the Company prior to 24 December 2018, and Mr. Yu Qingrui ("**Mr. Yu**"), who is a shareholder and a director of the Company, agreed to provide guarantee to the Group on the principal receivables, interest receivables and Upside Return, if any, from the borrower.

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS/LOAN AND INTEREST RECEIVABLES

		30 June	31 December
		2019	2018
	<i>Notes</i>	<i>HKD'000</i>	<i>HKD'000</i>
		(Unaudited)	(Audited)
Trade and other receivables, deposits and prepayments			
Trade receivables	<i>(i)</i>	570	–
Prepayments		5,190	1,016
Deposits		1,479	1,477
Other receivables	<i>(ii)</i>	149	5,464
		<hr/>	<hr/>
Total trade and other receivables, deposits and prepayments		7,388	7,957
		<hr/> <hr/>	<hr/> <hr/>
Loan and interest receivables:			
From investment in film industry (including interest receivables of approximately HKD2,657,000 (31 December 2018: HKD1,813,000))	<i>(iii)</i>	11,724	10,880
From money lending business (including interest receivables of approximately HKD7,782,000 (31 December 2018: HKD3,225,000))	<i>(iv)</i>	449,982	439,225
<i>Less: allowance of credit losses</i>		(29,226)	(27,017)
		<hr/>	<hr/>
		420,756	412,208
		<hr/>	<hr/>
		432,480	423,088
		<hr/> <hr/>	<hr/> <hr/>

(i) Trade receivables

Trade receivables at the end of the reporting period represent amounts receivable from the trading of robotics products (31 December 2018: Nil). No interest was charged on the trade receivables.

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

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

	30 June	31 December
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
	(Unaudited)	(Audited)
0 – 45 days	472	–
46 – 90 days	98	–
	<hr/> 570 <hr/>	<hr/> – <hr/>

(ii) Other receivables

As at 31 December 2018, other receivables comprise a receivable from the film production investor amounting to approximately HKD5,460,000 in relation to the refund of investment cost in a film right. In February 2019, the receivable has been fully settled.

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

During the year ended 31 December 2018, the Group has entered into a loan agreement to provide a loan to the film production investor for film distribution. During the year ended 31 December 2017, the Group has entered into two loan agreements to provide two loans to the film production investor for film distribution.

As detailed in Note 14(ii), at the date of initial application of HKFRS 9, one of the loans for investment in film production amounted to approximately USD1,320,000 (equivalent to HKD10,296,000) was unsecured, borne fixed interest rate at 8% per annum with upside return which has contractual cash flows that do not represent solely payments of principal and interest on the principal amount outstanding. Such loan has been reclassified as financial assets at fair value through profit or loss on 1 January 2018.

The other two loans to the film production investor have generated interest income of approximately HKD844,000 during the current period. As at 30 June 2019, the loan receivables and interest receivables due from the film production investor were approximately USD1,163,000 (equivalent to approximately HKD9,067,000) and USD340,600 (equivalent to approximately HKD2,657,000), respectively (31 December 2018: USD1,163,000 (equivalent to approximately HKD9,067,000) and USD232,300 (equivalent to approximately HKD1,813,000)). The loans are unsecured, borne fixed interest rate at 8% to 12% per annum and interest accrued and principal are repayable on the second or third anniversary of the date of the agreements or under the demand of the Group.

Mr. Chen and Mr. Yu agreed to provide guarantee to the Group in respect of all of the abovementioned loans and related interest.

(iv) Loan and interest receivables – from money lending business

The loan receivables from 8 borrowers (31 December 2018: 7 borrowers) are unsecured, bear fixed interest rates at 8% (31 December 2018: fixed interest rates at 8%) per annum and repayable according to the respective loan agreements.

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

	30 June 2019 <i>HKD'000</i> (Unaudited)	31 December 2018 <i>HKD'000</i> (Audited)
Within 1 year	216,479	249,933
More than two years, but not more than five years (<i>Note</i>)	204,277	162,275
	420,756	412,208

Note:

These loan and interest receivables are not scheduled to be received within one year from the end of the reporting period but contain a repayment on demand clause.

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.

During the six months ended 30 June 2019, the Group has granted an aggregate irrevocable loan facility of HKD270,000,000 to Central Wealth Group Holdings Limited ("**Central Wealth**") and the total loans advanced to Central Wealth were amounted to approximately HKD215,000,000 as at 30 June 2019 and during the period generated interest income of approximately HKD8,238,000 from Central Wealth, a company of which Mr. Yu is a common shareholder and director of Central Wealth and the Company. These loans are unsecured, bear fixed interest rate at 8% per annum and repayable under the demand of the Group or no later than 31 December 2020.

The credit loss allowances provided for loan receivables due from Central Wealth was approximately HKD3,554,000 during the six months ended 30 June 2019. The reversal of expected credit loss on loan commitment to Central Wealth was approximately HKD2,456,000 during the six months ended 30 June 2019.

Loans receivables of the Group disclosed pursuant to Section 383 of the Companies Ordinance (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	Maximum amount outstanding during the period HKD'000 (unaudited)	30 June 2019 HKD'000 (unaudited)	31 December 2018 HKD'000 (audited)
Loans to Central Wealth (including interest receivables of approximately HKD3,466,000 (31 December 2018: HKD910,000))	<u>218,466</u>	<u>218,466</u>	<u>172,910</u>

16. BANK BORROWINGS

	30 June 2019 <i>HKD'000</i> (Unaudited)	31 December 2018 <i>HKD'000</i> (Audited)
Secured bank borrowings	<u>316,684</u>	<u>320,945</u>
	30 June 2019 <i>HKD'000</i> (Unaudited)	31 December 2018 <i>HKD'000</i> (Audited)
Carrying amount scheduled to repay as follows:		
Within one year	88,651	88,567
More than one year, but not more than two years	8,952	8,788
More than two years, but not more than five years	28,413	28,028
More than five years	<u>190,668</u>	<u>195,562</u>
	<u>316,684</u>	<u>320,945</u>
	30 June 2019 <i>HKD'000</i> (Unaudited)	31 December 2018 <i>HKD'000</i> (Audited)
Carrying amount of the bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	228,033	232,378
Carrying amount repayable within one year	<u>88,651</u>	<u>88,567</u>
	<u>316,684</u>	<u>320,945</u>

The bank borrowings bear interest at range of HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 2.5% per annum over HIBOR (1 week to 1 month) at 30 June 2019 (31 December 2018: HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 2.5% per annum over HIBOR (1 week to 1 month)).

At 30 June 2019 and 31 December 2018, the Group's bank borrowings are secured by the investment properties amounting to approximately HKD690,000,000 (31 December 2018: HKD678,000,000) (*note 12*).

17. OTHER BORROWINGS

As at 30 June 2019, the other borrowings due to the Securities Brokers are guaranteed by the Company and secured by the pledged of financial assets at fair value through other comprehensive income of approximately HKD443,942,000 (*Note 13*) and financial assets at fair value through profit or loss of approximately HKD37,200,000 (*Note 14*) and an investment property of approximately HKD291,000,000 (*Note 12*), respectively. The other borrowings due to the Securities Broker are repayable within twelve months from the first drawdown date.

Partial of the other borrowings amounting to approximately HKD111,495,000 due to the Securities Brokers are subject to the fulfilment of covenants. At 30 June 2019, a covenant of such borrowings has not been fulfilled.

On 25 April 2018 and 29 June 2018, the Company entered into a master services agreement and a supplemental master services agreement respectively (collectively the “**Master Services Agreement**”), with Central Wealth Securities Investment Limited (the “**Margin Financier**”), a subsidiary of Central Wealth. Pursuant to the Master Services Agreement, 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. As at 30 June 2019, such facility has not been utilised.

18. SHARE CAPITAL

	Number of ordinary shares <i>(Note a)</i>	Number of preference shares	Amount <i>HKD'000</i>
Ordinary shares of HKD0.001 each			
Authorised:			
At 31 December 2018 and 30 June 2019	<u>249,480,000,000</u>	<u>520,000,000</u>	<u>250,000</u>
Issued and fully issued:			
At 31 December 2018 (Audited)	11,580,291,466	–	11,580
Issuance of shares upon subscription <i>(Note b)</i>	<u>900,000,000</u>	<u>–</u>	<u>900</u>
At 30 June 2019 (unaudited)	<u>12,480,291,466</u>	<u>–</u>	<u>12,480</u>

Note:

- a) All the ordinary shares which were issued by the Company rank pari passu with each other in all respects.
- b) On 27 February 2019, the Company entered into a subscription agreement with Victory Intelligence Industry Limited (the “**Subscriber**”), in relation to allot and subscribe 900,000,000 new shares at the subscription price of HKD0.064 per subscription share. The subscription was completed on 21 March 2019. The net proceeds after deducting the related expenses of approximately HKD83,000, amounted to approximately HKD57,517,000.

19. LITIGATION

Development of the retaking control of the deconsolidated subsidiaries

Pursuant to the Company's announcement dated 25 March 2014, due to the reason of unable to access to the books and records of the subsidiaries, Bloxworth Enterprises Limited and Shanxi Zhanpen Metal Products Co., Limited* ("**Zhanpen**") (collectively the "**Deconsolidated Subsidiaries**"), the Group therefore deconsolidated the Deconsolidated Subsidiaries from its consolidated financial statement since 1 January 2013.

The People's court of Fenyang county (汾陽市人民法院) (the "**Fenyang Court**") issued a judgement on 12 September 2016, the former directors of Zhanpen (the "**Former Directors**") are obliged to return the official seal and business certificates of Zhanpen to the Group. The Former Directors filed an appeal to the Fenyang Court on 23 September 2016. Up to the date of this announcement, the Former Directors still not returned the official seal and business certificates of Zhanpen to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

In regard to the operational front, the Group recorded a revenue and a net realised gain from securities trading and investments of approximately HKD19,385,000 for the Period (2018: HKD23,712,000), representing a decrease of approximately 18% compared with the corresponding period of last year.

The Group reported a net profit of approximately HKD15,606,000 attributable to shareholders of the Company (2018: net loss of HKD31,847,000) and basic earnings per share of HK0.13 cent for the Period (2018: basic loss per share of HK0.31 cent). The net profit was mainly attributed to the gain from change in fair value of financial assets at fair value through profit or loss of approximately HKD15,662,000 for the Period as compared with the loss of approximately HKD23,807,000 and the non-occurrence of the loss on change in fair value of crypto currency of approximately HKD18,352,000 as for the corresponding period of last year.

BUSINESS REVIEW

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 condensed consolidated interim financial statements. During the Period, the Group’s securities trading portfolio comprised of equity securities of CMBC Capital Holdings Limited (“**CMBC Capital**”, stock code: 1141) and Central Wealth Group Holdings Limited, (“**Central Wealth**”, stock code: 139) listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

During the Period, the Group did not invest in crypto currency and recorded no change in fair value of crypto currency (2018: loss of HKD18,352,000).

As a whole, the securities trading and investment segment recorded a gain of approximately HKD3,223,000 (2018: loss of HKD46,000,000). For the securities under FVTPL, the Group recorded a net unrealised gain of approximately HKD14,983,000 (2018: net unrealised loss of HKD23,807,000). For the securities under FVTOCI, the Group recorded a net unrealised loss of approximately HKD239,771,000 (2018: HKD202,436,000) through other comprehensive income. During the Period, the Group did not record any net realised gain on investment through profit or loss from securities trading and investment (2018: HKD4,887,000).

As at 30 June 2019, details of the securities investments held are as follows:

Name of the investees	Number of shares held	Percentage of equity interests as at 30.06.2019	Closing value as at 30.06.2019 <i>HKD</i>	Market value of the interests as at 30.06.2019 <i>HKD'000</i>	Fair value gain/(loss) for the Period <i>HKD'000</i>	Dividend Income for the Period <i>HKD'000</i>	Realised loss for the Period <i>HKD'000</i>
FVTOCI							
CMBC Capital (Stock code: 1141)	2,030,440,000	4.256%	0.199	404,057	(255,836)	-	(4,424)
Central Wealth (Stock code: 139)	553,954,650	3.764%	0.072	39,885	16,065	-	-
Total				<u>443,942</u>	<u>(239,771)</u>	<u>-</u>	<u>(4,424)</u>
FVTPL							
Central Wealth	516,666,666	3.511%	0.072	37,200	14,983	-	-
Total				<u>37,200</u>	<u>14,983</u>	<u>-</u>	<u>-</u>
Grand-Total				<u>481,142</u>	<u>(224,788)</u>	<u>-</u>	<u>(4,424)</u>

As at 30 June 2019, the Group held securities investment portfolio with market value of approximately HKD481,142,000 (including FVTOCI of approximately HKD443,942,000 and FVTPL of approximately HKD37,200,000) (31 December 2018: HKD720,237,000 including FVTOCI of HKD698,020,000 and FVTPL of HKD22,217,000). At 30 June 2019, the values of investments in CMBC Capital and Central Wealth were more than 5% of the net assets of the Group respectively.

Performance and prospects of the investees

CMBC

CMBC Capital and its subsidiaries (the “**CMBC Capital Group**”) was principally engaged in the business of brokerage and related services, securities investment and provision of finance. China Minsheng Banking Corporation Limited, one of the largest private banks in the People’s Republic of China (“**PRC**”) has indirect interest in over 60% of the issued shares capital of CMBC Capital as at 30 June 2019.

As mentioned in its annual report for the year ended 31 December 2018, the CMBC Capital Group's profit attributable to its owners was approximately HKD245.2 million (the nine months ended 31 December 2017: HKD118.3 million), representing an increase of 107.3%. The CMBC Capital Group's basic and diluted earnings per share were HK0.53 cent (31 December 2017: HK0.30 cent). Revenue has increased by 379.0% to approximately HKD791.2 million during the year ended 31 December 2018, compared to approximately HKD165.2 million in the nine months ended 31 December 2017.

CMBC Capital closed at HKD0.199 as at 30 June 2019 (30 June 2018: HKD0.455).

Central Wealth

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

As mentioned in Central Wealth's annual report for the year ended 31 December 2018, its net loss for the year was approximately HKD67.1 million as compared to a net profit of approximately HKD368.9 million for the period from 1 April 2017 to 31 December 2017. Basic loss per share attributable to ordinary equity holders of the parent for the year was approximately HKD0.005 (31 December 2017: basic earnings per share of HKD0.033). The Central Wealth Group recorded a revenue of approximately HKD174.5 million for the year ended 31 December 2018, as compared to a revenue of approximately HKD228.1 million for the period from 1 April 2017 to 31 December 2017.

Central Wealth closed at HKD0.072 as at 30 June 2019 (30 June 2018: HKD0.090).

Money lending business

A wholly-owned subsidiary of the Group, Globally Finance Limited ("**Globally Finance**"), which held the Money Lenders Licence in Hong Kong since early of 2015, carries a money lending business in Hong Kong. During the Period, Globally Finance generated a revenue with amount of approximately HKD16,672,000 (2018: HKD13,570,000) and a profit of approximately HKD14,567,000 (2018: HKD7,370,000).

Properties Investment

During the Period, the Group is holding two residential properties both located in Hong Kong which are on No. 19, Cumberland Road, Kowloon Tong (approximate saleable area of 5,808 square feet) and No. 1, Lincoln Road, Kowloon Tong (approximate saleable area of 6,892 square feet) respectively. The Group recorded rental income of HKD1,000,000 (2018: HKD4,600,000) and fair value gain of HKD12,000,000 (2018: HKD14,000,000) arising from change in fair value of investment properties from the property investment segment.

Aim to generate stable rental income and/or for capital appreciation, the Group has also expanded its investment property portfolio to the PRC by acquisition of Rich Power International Holdings Limited. Details of which are set out in the section “Events after the end of reporting period”.

Investment in film industry

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

Date of agreement	Film project	Investment/ Advancement amount	Annual interest rate	Investment return	Carrying amount of investment	
					as at 30.6.2019 (as at 31.12.2018)	Category
					HKD	
12.07.2016	Girls II 《閨蜜2》	RMB10,800,000	Nil	RMB10,800,000	– (5,460,000)	Other receivables
21.09.2017	Death Wish 《虎膽追兇》	USD1,320,000	8%	Additional upside return (if any)	9,856,000 (9,177,000)	Financial assets at FVTPL
					1,460,000 (1,052,000)	Loan and interest receivables
11.10.2017	Two Days 《兩天》	USD487,500	12%	Nil	4,557,000 (4,330,000)	Loan and interest receivables
12.06.2018	Papillon 《巴比龍》	USD675,000	8%	Nil	5,707,000 (5,498,000)	Loan and interest receivables

Girls II has been released in March 2018 in the PRC, Hong Kong and Taiwan. Pursuant to the investment agreement with Ocean Wave, the investment return should be subject to the box office revenue of the film. Regardless of the unsatisfactory box office, Ocean Wave has agreed to pay an amount of RMB10,800,000 equivalent to the amount invested by China Wisdom in the film as investment return for maintaining long-term, collaborative business relationships. All investment return has been duly collected.

During the Period, China Wisdom recorded interest income from the segment of investment in film industry of approximately HKD844,000 (2018: HKD655,000). The Board considers that the entering into of the above agreements will allow the Group to have stable return without significant risk exposures.

E-commerce business

During the Period, no revenue was generated (2018: Nil) and a loss of approximately HKD141,000 (2018: HKD124,000) was recorded for the segment of E-commerce business. The Group will continue to look for any potential opportunity in the e-commerce business.

Trading business and related services

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

During the Period, revenue of approximately HKD869,000 was generated (2018: Nil) and a loss of approximately HKD3,486,000 (2018: HKD1,915,000) was recorded for the segment of trading business and related services.

FINANCIAL REVIEW

Liquidity, financial, resources and funding

The Group had total cash and bank balances of approximately HKD41,467,000 as at 30 June 2019 (31 December 2018: HKD6,194,000). As at 30 June 2019, the Group had total borrowings of approximately HKD531,736,000 (31 December 2018: HKD541,205,000) comprised with bank borrowings of approximately HKD316,684,000 (31 December 2018: HKD320,945,000) and other borrowings of approximately HKD215,052,000 (31 December 2018: HKD220,260,000).

Among bank borrowings, approximately HKD88,651,000 are repayable within one year, HKD8,952,000 are repayable over one year but not exceeding two years, HKD28,413,000 are repayable over two years but not exceeding five years and HKD190,668,000 are repayable over five years. The bank borrowings bear interest rate at range of HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 2.5% per annum over HIBOR (1 week to 1 month).

The other borrowings comprised of margin loans and revolving loan. The margin loan payables bear fixed interest at 6% to 9.5% per annum. The margin loan payables are repayable within one year and was guaranteed by the Company. The revolving loan bear fixed interest rate of HKD Prime Rate – 2% per annum. Details are set out in Note 17 to the condensed consolidated interim financial statements.

The gearing ratio, which is calculated as total borrowings divided by total equity, was approximately 47.50% as at 30 June 2019 (31 December 2018: 42.10%). Net assets were approximately HKD1,119,351,000 as at 30 June 2019 (31 December 2018: HKD1,285,386,000).

As at 30 June 2019, the Group has total current assets of approximately HKD530,728,000 (31 December 2018: HKD469,663,000) and total current liabilities of approximately HKD557,670,000 (31 December 2018: HKD567,576,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was approximately 0.95 as at 30 June 2019 (31 December 2018: 0.83).

The Group's finance costs for the Period was approximately HKD14,191,000 (2018: HKD6,658,000) and was mainly related to interests paid on the bank borrowings and margin loans.

Pledge of assets

At 30 June 2019, the Group's investment properties with carrying amount of HKD690,000,000 (31 December 2018: HKD678,000,000) have been pledged to secure the bank borrowings granted to the Group.

As at 30 June 2019, the Group had pledged an investment property with carrying amount of HKD291,000,000 (31 December 2018: HKD285,000,000), the securities investment under FVTOCI of approximately HKD443,942,000 (31 December 2018: HKD676,095,000) and the securities investment under FVTPL of approximately HKD37,200,000 (31 December 2018: HKD22,217,000) to secure the other borrowings.

Foreign currency management

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

Litigations and contingencies

Details of litigations and contingencies are set out in Note 19 to the condensed consolidated interim financial statements.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2019, the Group had 25 employees including Directors situated in Hong Kong, the PRC and Canada (31 December 2018: 17 employees situated in Hong Kong). The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the Period, the total staff costs including remuneration of Directors and chief executives amounted to approximately HKD5,892,000 (2018: HKD3,662,000).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Period (2018: Nil).

SUBSCRIPTION OF SHARES

On 27 February 2019, the Company entered into a subscription agreement with Victory Intelligence Industry Limited (the “**Subscriber**”), pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 900,000,000 new shares of the Company at the subscription price of HKD0.064 per subscription share (the “**Subscription**”). The net proceeds from the Subscription was approximately HKD57,500,000 which are intended to be used by the Company as to HKD41,000,000 for development of its existing trading business and HKD16,500,000 for general working capital purposes. The Subscription has been completed on 21 March 2019. For more information, please refer to the Company’s announcements on 27 February 2019 and 21 March 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EVENTS AFTER THE REPORTING PERIOD

Acquisition of Rich Power International Holdings Limited (“Rich Power”)

On 3 July 2019, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with independent third parties to acquire the entire issued share capital of Rich Power at a consideration of HKD148,000,000, of which HKD100,000,000 will be satisfied in cash and the remaining balance of HKD48,000,000 will be satisfied by issuing a promissory note. Rich Power owns 19 retail units in a development known as “Fortune Town” (振業城) located at Henggang Road, Longgang District, Shenzhen, PRC (中國深圳市龍崗區橫崗街道). The acquisition was completed on 31 July 2019. For more information, please refer to the Company’s announcements on 3 July 2019 and 31 July 2019.

PROSPECTS

In March 2019, the Board has initiated a restructure by appointing new Directors, new Chairman and new Chief Executive Officer of the Group. Leveraging on the expertise and experience of the new Directors and key management personnel, the Group intends to take initiatives in developing business in relation to intelligent robotics and related services. The Group has recently entered into several trading agreements in relation to the sales and purchase of robots and related products. The Group will also conduct research and development, manufacturing and identify suitable partners to acquire well-established and/or potential start-up companies in the sectors of robotics, artificial intelligence, entertainment technology and new energy transportation, as well as invest in any other business opportunities.

The Group has also expanded its investment property portfolio to the PRC and acquired 19 retail units in a development known as “Fortune Town”(振業城) located at Henggang Road, Longgang District, Shenzhen, PRC (中國深圳市龍崗區橫崗街道). The Group is optimistic on the prospect of property market in Shenzhen and expect the investments can generate stable rental income and capital appreciation.

Going forward, the Board believes that the Group’s existing businesses in securities trading and investments, provision of financing services and investment properties shall maintain a stable revenue stream of the Group. Also, the Board considers that the development in the intelligent robotics business will contribute positively to the revenue and profit of the Group and will be beneficial to the Group, thereby creating values to the Company and its shareholders. The Group will continue to proactively identify the suitable development or investment opportunities to strengthen the business portfolio of the Group and generate sustainable and steady financial performance in the long run.

CORPORATE GOVERNANCE

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

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. Two independent non-executive directors, namely Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated financial statements of the Company for the Period had been reviewed by the Audit Committee of the Company before they were duly approved by the Board under the recommendation of the Audit Committee.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.fw-fh.com. The interim report for the Period containing all the information required by Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

By order of the Board
Future World Financial Holdings Limited
Wang Fei
Chairman

Hong Kong, 26 August 2019

As at the date of this announcement, the Board comprises (i) seven executive Directors, namely Mr. Wang Fei, Mr. Liang Jian, Mr. Yu Zhenzhong, Mr. Cai Linzhan, Mr. Lau Fai Lawrence, Mr. Siu Yun Fat and Mr. Yu Qingrui; and (ii) four independent non-executive Directors, namely Mr. Chen Pei, Mr. Siu Siu Ling, Robert, Mr. Tam Tak Wah and Mr. Zheng Zongjia.