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## **HOPE LIFE INTERNATIONAL HOLDINGS LIMITED**

**曠逸國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1683)

### **FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

The board (the “Board”) of directors (the “Directors”) of Hope Life International Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2020 (the “FY2020”), together with the audited figures for the year ended 31 December 2019 (the “FY2019”) as follows:

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

*For the year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>			
Revenue	3	<b>113,182</b>	86,305
Cost of sales		<u><b>(89,718)</b></u>	<u>(59,926)</u>
Gross profit		<b>23,464</b>	26,379
Other revenue and other gains	4	<b>1,201</b>	1,567
Other operating expenses		<b>(472)</b>	(1,169)
Allowance for expected credit losses, net		<b>(10,819)</b>	(923)
Administrative expenses		<b>(21,540)</b>	(28,618)
Finance costs	5	<u><b>(166)</b></u>	<u>(131)</u>
Loss before taxation from continuing operations	6	<b>(8,332)</b>	(2,895)
Taxation	7	<u><b>52</b></u>	<u>(742)</u>
Loss for the year from continuing operations		<u><b>(8,280)</b></u>	<u>(3,637)</u>
<b>Discontinued operations</b>			
(Loss)/profit for the year from discontinued operations, net of income tax		<u><b>(1,841)</b></u>	<u>11,842</u>
<b>(Loss)/profit for the year</b>		<u><b>(10,121)</b></u>	<u>8,205</u>
<b>Other comprehensive (loss)/income for the year, net of income tax:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating financial statements of foreign operation		<b>1</b>	3
<i>Items that were reclassified to profit or loss:</i>			
Reclassification adjustment from exchange reserve upon disposal a subsidiary		<u><b>(5)</b></u>	<u>5</u>
<b>Other comprehensive (loss)/income for the year</b>		<u><b>(4)</b></u>	<u>8</u>
<b>Total comprehensive (loss)/income for the year</b>		<u><b>(10,125)</b></u>	<u>8,213</u>

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company			
– from continuing operations		<b>(8,266)</b>	(3,637)
– from discontinued operations		<b>(1,841)</b>	11,842
Non-controlling interests			
– from continuing operations		<b>(14)</b>	–
– from discontinued operations		<u>–</u>	<u>–</u>
		<b><u>(10,121)</u></b>	<b><u>8,205</u></b>
<b>Total comprehensive (loss)/income for the year attributable to:</b>			
Owners of the Company			
– from continuing operations		<b>(8,265)</b>	(3,634)
– from discontinued operations		<b>(1,846)</b>	11,847
Non-controlling interests			
– from continuing operations		<b>(14)</b>	–
– from discontinued operations		<u>–</u>	<u>–</u>
		<b><u>(10,125)</u></b>	<b><u>8,213</u></b>
<b>(Loss)/earnings per share:</b>			
Basic and diluted ( <i>HK cents</i> )			
	9		
– from continuing operations		<b>(1.62)</b>	(0.73)
– from discontinued operations		<b>(0.36)</b>	2.37
		<u>–</u>	<u>–</u>
– from continuing and discontinued operations		<b><u>(1.98)</u></b>	<b><u>1.64</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		236	1,431
Right-of-use assets		3,747	5,142
Prepayments for property, plant and equipment		35,649	–
Loan receivables	10	64,742	–
		<u>104,374</u>	<u>6,573</u>
<b>Current assets</b>			
Inventories		–	2,471
Loan receivables	10	14,882	86,129
Trade receivables	11	8,235	15,992
Contract assets		2,435	2,415
Deposits, prepayments and other receivables		83,671	7,544
Income tax recoverable		719	178
Cash and bank balances		49,234	33,158
		<u>159,176</u>	<u>147,887</u>
<b>Current liabilities</b>			
Trade payables	12	14,595	3,584
Contract liabilities		16,348	432
Lease liabilities		3,276	3,821
Accrued expenses and other payables		6,231	5,947
Amount due to related party		–	90
Amount due to a director		–	282
		<u>40,450</u>	<u>14,156</u>
<b>Net current assets</b>		<u>118,726</u>	133,731
Total assets less current liabilities		<u>223,100</u>	140,304
<b>Non-current liability</b>			
Lease liabilities		532	1,381
		<u>532</u>	1,381
<b>Net assets</b>		<u>222,568</u>	<u>138,923</u>
<b>Capital and reserves</b>			
Share capital		6,000	5,000
Reserves		216,582	133,923
Equity attributable to owners of the Company		222,582	138,923
Non-controlling interests		(14)	–
<b>Total equity</b>		<u>222,568</u>	<u>138,923</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 1. GENERAL INFORMATION

Hope Life International Holdings Limited (the “Company”) was incorporated in Cayman Islands on 19 January 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Flat 1703, 17th Floor, Wanchai Commercial Centre, Nos. 194–204 Johnston Road, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred hereafter as the “Group”) are principally engaged in construction and ancillary services which include design, fitting-out, decoration, alteration and addition, construction and other related businesses, financial business and consumer goods business.

In the opinion of the directors of the Company, Ample Platinum Enterprises Limited, a company incorporated in British Virgin Islands (“BVI”), is its parent and the ultimate holding company and Mr. Hui Kee Fung is the ultimate controlling party.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise stated.

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or the disclosures set out in these consolidated financial statements.

### **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendment to HKFRS 16	COVID-19-Related Rent Concessions <sup>4</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>5</sup>
Amendments to HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021.

The directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### **3. REVENUE AND SEGMENT INFORMATION**

The executive directors of the Company, being the chief operating decision-makers (“CODM”), review the Group’s internal reporting in order to assess performance and allocate resources. Information reported to the chief operating decision marker, for the purpose of resources allocation and performance assessment, focuses on the types of goods or services delivered or provided.

During the year ended 31 December 2020, the Group commenced the business engaging in production and sales of consumer goods and it was considered as a new operating and reportable segment by the CODM.

The health business was discontinued during the year ended 31 December 2020. The segment results below does not included any amounts from the discontinued operations.

The Group’s reportable segments are as follows:

- (a) Construction and ancillary services – design, fitting-out, decoration, alteration and addition, construction and other related businesses.
- (b) Financial business – money lending business.
- (c) Consumer goods business – production and sales of food and beverage products.

## Segment revenue and results

### Continuing operations:

	Construction and ancillary services <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Consumer goods business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2020</b>				
Segment revenue	<u>103,470</u>	<u>9,712</u>	–	<u>113,182</u>
Segment results	<u>6,803</u>	<u>(518)</u>	<u>(20)</u>	<u>6,265</u>
Unallocated corporate income				263
Unallocated corporate expense				<u>(14,860)</u>
Loss before taxation				(8,332)
Taxation				<u>52</u>
Loss for the year				<u><u>(8,280)</u></u>

	Construction and ancillary services <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2019</b>			
Segment revenue	<u>81,403</u>	<u>4,902</u>	<u>86,305</u>
Segment results	<u>7,858</u>	<u>3,781</u>	11,639
Unallocated corporate income			722
Unallocated corporate expense			<u>(15,256)</u>
Loss before taxation			(2,895)
Taxation			<u>(742)</u>
Loss for the year			<u><u>(3,637)</u></u>

Unallocated corporate expenses mainly include certain depreciation on property, plant and equipment, general office expenses and unallocated employee benefit expenses.

Segment results represent the profit earned by or loss from each segment without allocation of unallocated corporate income and unallocated corporate expense. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year.

## Segment assets and liabilities

	Construction and ancillary services <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Consumer goods business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 December 2020</b>				
<b>Assets</b>				
Segment assets	76,262	79,867	96,059	252,188
Unallocated assets				11,362
				<u>263,550</u>
<b>Liabilities</b>				
Segment liabilities	38,059	251	131	38,441
Unallocated liabilities				2,541
				<u>40,982</u>
<b>As at 31 December 2019</b>				
<b>Assets</b>				
Segment assets	49,560	93,777	4,656	147,993
Unallocated assets				6,467
				<u>154,460</u>
<b>Liabilities</b>				
Segment liabilities	13,338	646	501	14,485
Unallocated liabilities				1,052
				<u>15,537</u>

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

- all assets are allocated to operating segments other than unallocated corporate assets (mainly comprising cash and cash equivalents and deposits and prepayments); and
- all liabilities are allocated to operating segments other than unallocated corporate liabilities (mainly comprising other payables and accruals).

## Other segment information

### Continuing operations:

	Construction and ancillary services <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Consumer goods business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2020</b>					
Capital expenditure ( <i>note (a)</i> )	3,456	47	15	–	3,518
Depreciation of property, plant and equipment	577	5	–	376	958
Gain on disposal of property, plant and equipment	–	–	–	81	81
Depreciation of right-of-use assets	3,518	278	–	700	4,496
Interest on lease liabilities	100	26	–	40	166
Allowance for expected credit losses, net	73	10,274	20	452	10,819
	<u>73</u>	<u>10,274</u>	<u>20</u>	<u>452</u>	<u>10,819</u>
	Construction and ancillary services <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>	
<b>Year ended 31 December 2019</b>					
Capital expenditure ( <i>note (a)</i> )	7,047	568	–	–	7,615
Depreciation of property, plant and equipment	868	301	818	–	1,987
Loss on disposal of property, plant and equipment	151	–	–	–	151
Depreciation of right-of-use assets	3,493	47	1,118	–	4,658
Interest on lease liabilities	121	6	4	–	131
Bad debt written off	150	–	–	–	150
(Reversal of)/allowance for expected credit losses, net	(179)	1,117	(15)	–	923
	<u>(179)</u>	<u>1,117</u>	<u>(15)</u>	<u>–</u>	<u>923</u>

### Note:

- (a) Capital expenditure consists of additions of property, plant and equipment and right-of-use assets.

## Revenue from major services

The Group's revenue from its major services during the year is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Continuing operations:</b>		
Recognised over time:		
Design and/or decoration service income	9,131	11,538
Design, fitting-out and decoration service income	<u>94,339</u>	<u>69,865</u>
	<b>103,470</b>	81,403
Revenue from other source:		
Interest income from loan financing	<u>9,712</u>	<u>4,902</u>
	<b><u>113,182</u></b>	<b><u>86,305</u></b>

## Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its construction contracts such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the construction contracts as all contract works have an original expected duration of one year or less.

## Geographical information

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

The Group's geographical segments are classified according to the location of customers. There are two customer-based geographical segments. Segment revenue from external customers by the location of customers during the year is as follows:

### *Revenue from external customers*

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
<b>Continuing operations:</b>		
Hong Kong	107,628	79,347
The PRC	<u>5,554</u>	<u>6,958</u>
	<b><u>113,182</u></b>	<b><u>86,305</u></b>

The Group's geographical segments are also classified by the location of assets, information about its non-current assets by geographical location are detailed below:

**Non-current assets\***

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	3,968	6,573
The PRC	35,664	–
	<u>39,632</u>	<u>6,573</u>

\* Non-current assets excluded loan receivables.

**Information about major customers**

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Continuing operations:</b>		
Customer A	73,076	42,071
Customer B	N/A*	16,117
Customer C	N/A*	9,560
Customer D	18,913	N/A*
	<u>18,913</u>	<u>N/A*</u>

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective year.

**4. OTHER REVENUE AND OTHER GAINS**

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
<b>Continuing operations:</b>		
<b>Other revenue</b>		
Bank interest income	28	496
Other operating income	326	786
Government subsidies ( <i>note</i> )	702	–
Sundry income	25	136
	<u>1,081</u>	<u>1,418</u>
<b>Continuing operations:</b>		
<b>Other gains</b>		
Gain on disposal of property, plant and equipment	81	–
Gain on disposal of subsidiaries	39	149
	<u>120</u>	<u>149</u>
<b>Total</b>	<u>1,201</u>	<u>1,567</u>

*Note:* The government subsidies were granted from the Employment Support Scheme under the Anti-epidemic Fund of the Hong Kong Government which aims to retain employment and combat COVID-19 epidemic.

## 5. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Continuing operations:</b>		
Interest on lease liabilities	<u>166</u>	<u>131</u>

## 6. LOSS BEFORE TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
<b>Continuing operations:</b>		
Loss before taxation has been arrived at after charging/(crediting):		
Directors' emoluments	1,604	7,960
Salaries, wages and other benefits (excluding directors' emoluments)	10,604	9,457
Pension scheme contributions (excluding directors' emoluments)	<u>293</u>	<u>281</u>
	<u>10,897</u>	<u>9,738</u>
Auditors' remuneration		
Audit services	700	830
Non-audit services	33	48
Bad debt written off	–	150
Allowance for expected credit losses, net	10,819	923
(Gain)/loss on disposal of property, plant and equipment	(81)	151
Depreciation of property, plant and equipment	958	1,987
Depreciation of right-of-use assets	4,496	4,658
Expense relating to short-term lease	<u>90</u>	<u>582</u>

## 7. TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax:		
Hong Kong		
Provision for the year	–	725
(Over)/under-provision in previous year	<u>(52)</u>	<u>17</u>
Current tax (credit)/expense	<u>(52)</u>	<u>742</u>
Current tax (credit)/expense – continuing operations	<u>(52)</u>	<u>742</u>
	<u>(52)</u>	<u>742</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The two-tiered profits tax rates regime is applicable to the Group for the years ended 31 December 2020 and 2019.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI during the years ended 31 December 2020 and 2019.

The subsidiary of the Group established in the PRC is subject to PRC Enterprise Income Tax on its taxable income at an income tax rate of 25% during the years ended 31 December 2020 and 2019.

No provision for the PRC Enterprise Income Tax has been made as the subsidiary operated in the PRC had no assessable profits for the years ended 31 December 2020 and 2019.

No deferred tax assets has been recognised as it is not considered probable that taxable profits will be available against which the deferred tax can be utilised.

## **8. DIVIDENDS**

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

## **9. LOSS/EARNINGS PER SHARE**

### **(a) Basic loss/earnings per share**

#### *Continuing operations*

The computation of the basic loss per share amount from continuing operations are based on the loss for the year attributable to ordinary equity holders of the Company from continuing operations of HK\$8,266,000 (2019: HK\$3,637,000) and the weighted average number of ordinary shares of 511,202,186 (2019: 500,000,000) during the year.

#### *Discontinued operations*

The computation of the basic loss/earnings per share amount from discontinued operations are based on loss for the year attributable to ordinary equity holders of the Company from discontinued operations of HK\$1,841,000 (2019: earnings of HK\$11,842,000) and the weighted average number of ordinary shares of 511,202,186 (2019: 500,000,000) during the year.

#### *Continuing and discontinued operations*

The computation of the basic loss per share amount from continuing and discontinued operations are based on the loss for the year attributable to ordinary equity holders of the Company from continuing and discontinued operations of HK\$10,107,000 (2019: profit of HK\$8,205,000) and the weighted average number of ordinary shares of 511,202,186 (2019: 500,000,000) during the year.

(b) **Diluted loss/earnings per share**

*Continuing, discontinued and continuing and discontinued operations*

For the year ended 31 December 2020 and 2019, the computation of diluted loss/earnings per share from continuing, discontinued and continuing and discontinued operations were the same as the basic loss/earnings per share as there were no potential dilutive ordinary shares outstanding during the year.

**10. LOAN RECEIVABLES**

The maturity profile of the loan receivables at the end of the reporting period, analysed by the maturity date, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loan receivables:		
– Within one year	24,265	87,246
– In more than one year but not more than two years	66,750	–
	<u>91,015</u>	<u>87,246</u>
Less: Allowance for expected credit losses	(11,391)	(1,117)
	<u>79,624</u>	<u>86,129</u>
Carrying amount analysed for reporting purpose:		
– Current assets	14,882	86,129
– Non-current assets	64,742	–
	<u>79,624</u>	<u>86,129</u>

The Group's loan receivables which arise from the money lending business of providing unsecured personal loans and unsecured corporate loans in Hong Kong are denominated in Hong Kong dollars with the interest rate range of 6% to 10% (2019: 7.2% to 10%) per annum and the loan period were from 6 months to 2 years (2019: 6 months to 1 year). All borrowers were independent third parties.

As at 31 December 2020, the loan receivable with net carrying amount of approximately HK\$58,178,000 was secured by a corporate guarantee by an independent third party.

As at 31 December 2020, included in the Group's loan receivables balance, a debtor with aggregate carrying amount of HK\$8,714,000 which was past due more than 90 days. The directors consider credit risks have increased significantly and considered as credit-impaired. The Group has taken legal action against the debtor to recover the loan and interest receivables of amount HK\$8,714,000. As at the reporting date, none of the loan receivable that has been written off is subject to enforcement activities.

Before approving any loans to new borrowers, the Group has assessed the potential borrower's credit quality and defined credit limits individually.

Included in the carrying amount of loan receivables as at 31 December 2020 is allowance for expected credit losses of HK\$11,391,000 (2019: HK\$1,117,000).

## 11. TRADE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	8,291	16,000
Less: Allowance for expected credit losses	<u>(56)</u>	<u>(8)</u>
	<u><b>8,235</b></u>	<u><b>15,992</b></u>

The Group's credit term with its customers is, in general, 7 to 45 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The ageing analysis of the gross amount of trade receivables based on the invoice date, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current to 30 days	8,275	11,789
31–60 days	–	970
61–90 days	–	2,790
Over 90 days	<u>16</u>	<u>451</u>
	<u><b>8,291</b></u>	<u><b>16,000</b></u>

## 12. TRADE PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	<u><b>14,595</b></u>	<u><b>3,584</b></u>

The ageing analysis of trade payables, based on the invoice date is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current to 30 days	12,828	733
31–60 days	863	109
61–90 days	387	34
Over 90 days	<u>517</u>	<u>2,708</u>
	<u><b>14,595</b></u>	<u><b>3,584</b></u>

The credit period on purchases of certain goods and services is within 7 to 90 days.

## 13. COMPARATIVES

The comparative statement of profit or loss has been restated as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the results of the Group for the year ended 31 December 2020 (“FY2020”), together with the comparative figures for the year ended 31 December 2019 (“FY2019”).

### FINANCIAL REVIEW

During the FY2020, the revenue of the Group from continuing operations increased by 31.1% to HK\$113.2 million (FY2019: HK\$86.3 million) and the overall gross profit of the Group from continuing operations decreased by 11.0% to HK\$23.5 million (FY2019: HK\$26.4 million). The Group recorded a net loss of HK\$8.3 million (FY2019: HK\$3.6 million) from continuing operations for the year mainly due to the increase in allowance for expected credit losses in the year. The Group recorded a loss for the year of approximately HK\$10.1 million, as compared to a profit of approximately HK\$8.2 million for FY2019 was mainly attributable to the absence of the gain of HK\$12.4 million from the disposal of the aviation and traveling service operation in FY2019.

### BUSINESS REVIEW

The Group’s business segments include three major segments, namely construction and ancillary services, financial business and consumer goods business.

A breakdown of the revenue was listed below:

	Year ended 31 December 2020		Year ended 31 December 2019	
	HK\$'000	%	HK\$'000	%
Construction and ancillary services	103,470	91.4	81,403	94.3
Financial business	9,712	8.6	4,902	5.7
Consumer goods business	—	—	—	—
Revenue	<u>113,182</u>	<u>100</u>	<u>86,305</u>	<u>100</u>

### CONSTRUCTION AND ANCILLARY SERVICES

Construction and ancillary services which include design, fitting out, decoration, alteration and addition, construction and other related business were the focus of our business in the FY2020. During the FY2020, the revenue from construction and ancillary services increased by 27.1% to HK\$103.5 million (FY2019: HK\$81.4 million). The increase in revenue from this segment mainly due to the increase in revenue contributed from the construction and ancillary services of residential projects.

## **FINANCIAL SERVICES**

### **Money lending business**

The Group holds a money lenders licence in Hong Kong and provides loan facilities to prospective customers including enterprises and individuals.

Revenue from money lending business amounted to HK\$9.7 million (FY2019: HK\$4.9 million). As at 31 December 2020, the gross loans and interest receivable amounted to HK\$91.0 million (31 December 2019: HK\$87.2 million) and allowance for expected credit loss of HK\$11.4 million (FY2019: HK\$1.1 million).

On 18 December 2020, the Group and a borrower entered into the loan agreement pursuant to which the Group has agreed to grant the loan in the amount of HK\$60,000,000 to the borrower for a term of 24 months from the effective date. For details of the loan agreement, please refer to the announcement dated 18 December 2020.

### **Administrative expenses**

The administrative expenses decreased by HK\$7.1 million from HK\$28.6 million in the FY2019 to HK\$21.5 million in FY2020. The decrease was mainly due to the decrease in depreciation of property, plant and equipment and Directors' emoluments of the Group.

### **Loss/Profit for the year**

The Group recorded the loss from continuing and discontinued operations attributable to the owners of the Company of HK\$10.1 million in FY2020 as compared to the profit attributable to the owners of the Company of HK\$8.2 million in the FY2019 mainly due to the increase in allowance for expected credit losses of HK\$10.8 million and the absence of gain of approximately HK\$12.4 million from the disposal of the aviation and traveling service operations during the year ended 31 December 2019.

## **HUMAN RESOURCES AND REMUNERATION POLICIES**

As at 31 December 2020, the Group had 26 employees (31 December 2019: 26) in Hong Kong and the PRC. The total remuneration paid by the Group to its employees (including Directors) for FY2020 was HK\$12.5 million (FY2019: HK\$17.7 million).

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including Directors and senior management), the following factors are considered:

- workload, responsibility and job complexity;
- business requirements;
- individual performance and contribution to results;
- company performance and profitability;
- retention considerations and the potential of individuals;
- corporate goals and objectives;
- market rates and changes in relevant markets, including supply and demand fluctuations and changes in competitive conditions; and
- general economic situation.

In addition to salaries, provident fund scheme and medical insurance coverage and discretionary bonuses are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his/her own remuneration.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 December 2020, the Group had a total cash and bank balances of HK\$49.2 million (31 December 2019: HK\$33.2 million) mainly denominated in Hong Kong dollars.

The Group continued to maintain a healthy liquidity position. As at 31 December 2020, the Group had net current assets of HK\$118.7 million (31 December 2019: HK\$133.7 million). The Group had current ratio of approximately 3.9 times as at 31 December 2020 compared to that of approximately 10.45 times at 31 December 2019.

The gearing ratio of the Group is defined as a percentage of interest-bearing liabilities divided by total equity. As at 31 December 2020, the Group did not have any borrowing (31 December 2019: nil). Hence, as at 31 December 2020, the gearing ratio was nil (31 December 2019: nil). The Group's working capital requirements were mainly financed by internal resources.

## **FOREIGN EXCHANGE EXPOSURE**

The Group mainly earns revenue in Hong Kong dollars and Renminbi and also incurs cost in Hong Kong dollars and Renminbi. The Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary. The Group currently does not have any foreign currency hedging policy.

## **PLEDGE OF ASSETS**

There was no pledged asset as at 31 December 2020 (31 December 2019: nil).

## **PLACING OF NEW SHARES**

On 2 November 2020, the Company entered into the placing agreement with the CNI Securities Group Limited, pursuant to which the Company appointed CNI Securities Group Limited as its placing agent to procure not less than six placees who are independent third parties to subscribe for up to 100,000,000 placing shares at the placing price of HK\$0.95 per placing share on a best effort basis in accordance with the terms and conditions of the placing agreement. The Company carried out the placing offers since it offered a good opportunity to raise further capital for broaden the shareholders base of the Company thereby increasing the liquidity of the Shares as well as strengthening the financial position of the Group.

The placing was completed on 20 November 2020. An aggregate of 100,000,000 placing shares have been successfully placed to not less than six placees. The net proceeds from the placing were approximately HK\$93.8 million. The net proceeds were used as disclosed below.

Details of the placing have been set out in the announcements of the Company dated 2 November 2020 and 20 November 2020, respectively.

The proposed use of net proceeds from the placing of new shares, and details of the original allocation of the net proceeds, and the utilization of the net proceeds as at 31 December 2020 are set below:

Up to 31 December 2020, the Group has utilized all the net proceeds of approximately HK\$93.8 million accounting for all the net proceeds from the share placing as follows:

Use of proceeds	<b>Intended use as stated in the announcements of the Company dated</b>	<b>Utilised amount</b>	<b>Unutilised amount as at</b>
	<b>2 November and 20 November 2020</b>	<b>for the year ended 31 December 2020</b>	<b>31 December 2020</b>
	<i>Approximately HK\$ (million)</i>	<i>Approximately HK\$ (million)</i>	<i>Approximately HK\$ (million)</i>
The net proceeds from the share placing are intended to be used for			
– as to approximately HK\$40.0 million for the capital commitment in the joint venture company by the Group under the discloseable transaction as announced on 15 October 2020	40.0	40.0	–
– as to the remaining balance of approximately HK\$53.8 million towards the general working capital of the Group and business development of the Group	53.8	53.8	–
Total	<u>93.8</u>	<u>93.8</u>	<u>–</u>

As at 31 December 2020, all the net proceeds raised have been utilised as intended for the year ended 31 December 2020. There was no unutilized proceeds as at 31 December 2020. There is no material change between the intended use of proceeds and the actual use of proceeds.

## CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2020 (31 December 2019: nil).

## CAPITAL COMMITMENTS

The Group had no significant outstanding capital commitment as at 31 December 2020 (31 December 2019: nil).

## **DIVIDEND**

The Directors do not recommend any payment of final dividend for the year ended 31 December 2020 (31 December 2019: nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during FY2020.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. The Board comprises two executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code ("CG Code") set out in Appendix 14 to the Listing Rules. During the year ended 31 December 2020 and up to the date of this announcement, the Company has complied with the code provisions under the CG Code.

The Company periodically reviews its corporate governance practices to ensure that it continues to meet the requirements under the Code Provisions.

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

The Directors have adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in dealing in the Company's securities. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2020.

## **SCOPE OF WORK**

The figures in respect of the preliminary announcement of the Group's results for the FY2020 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts as set out in the Group's consolidated financial statements for the FY2020. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with senior management of the Group, the accounting principles and practices adopted by the Group and has discussed internal controls and financial reporting matters, including the review of Group's consolidated financial statements for the FY2020.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hopelife.hk](http://www.hopelife.hk)) and the Company's annual report for FY2020 will be despatched to the shareholders of the Company and published on the Stock Exchange's and the Company's websites in due course.

By order of the Board  
**Hope Life International Holdings Limited**  
**HUI Kee Fung**  
*Chairman*

Hong Kong, 19 March 2021

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. HUI Kee Fung and Mr. LIANG Zhichao as Executive Directors; and Mr. CHEUNG Ting Pong, Ms. XIE Yanbin and Ms. FU Ling as Independent Non-executive Directors.*