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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 2021

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 2021 (the “**FY2021**”), together with the audited figures for the year ended 31 December 2020 (the “**FY2020**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations			
Revenue	3	247,170	113,182
Cost of sales		<u>(200,016)</u>	<u>(89,718)</u>
Gross profit		47,154	23,464
Other income	4	893	1,081
Other gains and losses	4	–	120
Other operating expenses		(905)	(472)
Impairment losses under expected credit loss model, net of reversal		(3,385)	(10,819)
Selling and distribution expenses		(8,924)	–
Administrative expenses		(25,490)	(21,540)
Finance costs	5	<u>(393)</u>	<u>(166)</u>
Profit/(loss) before taxation from continuing operations	6	8,950	(8,332)
Income tax (expense)/credit	7	<u>(2,079)</u>	<u>52</u>
Profit/(loss) for the year from continuing operations		<u>6,871</u>	<u>(8,280)</u>
Discontinued operations			
Profit/(loss) for the year from discontinued operations, net of income tax		<u>–</u>	<u>(1,841)</u>
Profit/(loss) for the year		<u>6,871</u>	<u>(10,121)</u>
Other comprehensive income/(loss) for the year, net of income tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating financial statements of foreign operation		2,794	1
<i>Items that were reclassified to profit or loss:</i>			
Reclassification adjustment from exchange reserve upon disposal of a subsidiary		<u>–</u>	<u>(5)</u>
Other comprehensive income/(loss) for the year		<u>2,794</u>	<u>(4)</u>
Total comprehensive income/(loss) for the year		<u>9,665</u>	<u>(10,125)</u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
Owners of the Company			
– from continuing operations		4,987	(8,266)
– from discontinued operations		–	(1,841)
Non-controlling interests			
– from continuing operations		1,884	(14)
– from discontinued operations		–	–
		<u>6,871</u>	<u>(10,121)</u>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company			
– from continuing operations		7,754	(8,265)
– from discontinued operations		–	(1,846)
Non-controlling interests			
– from continuing operations		1,911	(14)
– from discontinued operations		–	–
		<u>9,665</u>	<u>(10,125)</u>
Earnings/(loss) per share:			
Basic and diluted (<i>HK cents</i>)	9		
– from continuing operations		0.82	(1.62)
– from discontinued operations		N/A	(0.36)
		<u>0.82</u>	<u>(1.98)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		33,593	236
Right-of-use assets		1,493	3,747
Prepayments for property, plant and equipment		–	35,649
Loan receivables	10	–	64,742
		35,086	104,374
Current assets			
Inventories		121,554	–
Loan receivables	10	65,672	14,882
Trade receivables	11	13,696	8,235
Contract assets		3,382	2,435
Deposits, prepayments and other receivables		55,900	83,671
Income tax recoverable		719	719
Cash and bank balances		21,920	49,234
		282,843	159,176
Current liabilities			
Trade payables	12	18,606	14,595
Other borrowing		40,000	–
Contract liabilities		6,295	16,348
Lease liabilities		560	3,276
Income tax payable		355	–
Accrued expenses and other payables		7,174	6,231
		72,990	40,450
Net current assets		209,853	118,726
Total assets less current liabilities		244,939	223,100

	2021	2020
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liability		
Lease liabilities	<u>977</u>	<u>532</u>
	<u>977</u>	<u>532</u>
Net assets	<u>243,962</u>	<u>222,568</u>
Capital and reserves		
Share capital	7,200	6,000
Reserves	<u>234,865</u>	<u>216,582</u>
Equity attributable to owners of the Company	242,065	222,582
Non-controlling interests	<u>1,897</u>	<u>(14)</u>
Total equity	<u>243,962</u>	<u>222,568</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 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 periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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 ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined.

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

Revenue

(a) Analysis of revenue

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations:		
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
Recognised on over time basis:		
Design and/or decoration service income	2,310	9,131
Design, fitting-out and decoration service income	<u>166,395</u>	<u>94,339</u>
	168,705	103,470
Recognised on point in time basis:		
Sales of wine products	<u>73,677</u>	–
	242,382	103,470
Revenue from other source:		
Interest income from loan financing	<u>4,788</u>	<u>9,712</u>
Total revenue recognised during the year	<u>247,170</u>	<u>113,182</u>

(b) *Performance obligations for contracts with customers*

Revenue from provision of (i) design and/or decoration service income, and (ii) design, fitting-out and declaration service income

Revenue from the provision of (i) design and/or decoration service income, and (ii) design, fitting-out and declaration service income are recognised over time basis, using an input method to measure on a progress towards complete satisfaction of the services, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method adopted by the Group recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services. A certain percentage of payments is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Revenue from sales of wine products

Revenue from sales of wine products is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (i.e. upon delivery). Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

(c) *Transaction price allocated to the remaining performance obligation for contracts with customers*

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for sales of wine products, provision for design and/or decoration service and design, fitting-out and declaration service such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the sales contracts that had an original expected duration of one year or less.

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.

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 and operating 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 wine products.

No operating segments have been aggregated in arriving at the above reportable segments of the Group.

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>
Year ended 31 December 2021				
Segment revenue	<u>168,705</u>	<u>4,788</u>	<u>73,677</u>	<u>247,170</u>
Segment results	<u>9,731</u>	<u>4,888</u>	<u>8,331</u>	<u>22,950</u>
Unallocated corporate income				4
Unallocated corporate expense				<u>(14,004)</u>
Profit before taxation				8,950
Taxation				<u>(2,079)</u>
Profit for the year				<u>6,871</u>
	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>
Year ended 31 December 2020				
Segment revenue	<u>103,470</u>	<u>9,712</u>	<u>–</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>(8,280)</u>

Unallocated corporate expenses mainly include certain depreciation on property, plant and equipment, general office expenses, provision for impairment loss under expected credit loss model for certain other receivables 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>
As at 31 December 2021				
Assets				
Segment assets	24,977	70,857	216,693	312,527
Unallocated assets				<u>5,402</u>
Consolidated total assets				<u><u>317,929</u></u>
Liabilities				
Segment liabilities	18,219	506	11,504	30,229
Unallocated liabilities				<u>43,738</u>
Consolidated total liabilities				<u><u>73,967</u></u>
	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>
As at 31 December 2020				
Assets				
Segment assets	76,262	79,867	96,059	252,188
Unallocated assets				<u>11,362</u>
Consolidated total assets				<u><u>263,550</u></u>
Liabilities				
Segment liabilities	38,059	251	131	38,441
Unallocated liabilities				<u>2,541</u>
Consolidated total liabilities				<u><u>40,982</u></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 certain unallocated cash and bank balances and deposits and prepayments); and
- all liabilities are allocated to operating segments other than unallocated corporate liabilities (mainly comprising certain unallocated other payables and accrued expenses and other borrowing).

Other segment information

Continuing operations

	Construction and ancillary services HK\$'000	Financial business HK\$'000	Consumer goods business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Year ended 31 December 2021					
Capital expenditure (<i>note (a)</i>)	602	547	36,200	–	37,349
Depreciation of property, plant and equipment	155	12	3,157	–	3,324
Depreciation of right-of-use assets	3,126	277	–	–	3,403
Interest on lease liabilities	126	17	–	–	143
(Reversal of)/allowance for expected credit losses, net	–	(400)	11	3,774	3,385
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Construction and ancillary services HK\$'000	Financial business HK\$'000	Consumer goods business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Year ended 31 December 2020					
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> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Note:

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

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

	2021	2020
	HK\$'000	HK\$'000
Continuing operations:		
Hong Kong	172,023	107,628
The PRC	75,147	5,554
	247,170	113,182

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**

	2021	2020
	HK\$'000	HK\$'000
Hong Kong	1,547	3,968
The PRC	33,539	35,664
	35,086	39,632

* *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:

	2021	2020
	HK\$'000	HK\$'000
Continuing operations:		
Customer A ¹	78,179	73,076
Customer B ¹	57,212	18,913
Customer C ¹	31,845	Nil
Customer D ²	26,108	Nil

¹ Revenue from provision of design, fitting out and decoration service

² Revenue from sales of wine products

4. OTHER REVENUE AND OTHER GAINS

Other income

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations:		
Bank interest income	4	28
Other operating income	888	326
Government subsidies (<i>note (i)</i>)	–	702
Sundry income	1	25
	<u>893</u>	<u>1,081</u>

Notes:

- (i) 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.

Other gains and losses

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations:		
Gain on disposal of property, plant and equipment	–	81
Gain on disposal of subsidiaries	–	39
	<u>–</u>	<u>120</u>

5. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations:		
Interest on other borrowing	250	–
Interest on lease liabilities	143	166
	<u>393</u>	<u>166</u>

6. PROFIT/(LOSS) BEFORE TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations:		
Profit/(loss) before taxation has been arrived at after charging/(crediting):		
Directors' emoluments	372	1,604
Salaries, wages and other benefits (excluding directors' emoluments)	15,069	10,604
Pension scheme contributions (excluding directors' emoluments)	216	293
	<u>15,285</u>	<u>10,897</u>
Auditors' remuneration		
Audit services	750	700
Non-audit services	–	33
Gain on disposal of property, plant and equipment	–	(81)
Cost of inventories recognised as expenses	54,102	–
Depreciation of property, plant and equipment	–	–
– Cost of sales	3,152	–
– Administrative expense	172	958
Depreciation of right-of-use assets (included in administration expenses)	3,403	4,496
Expense relating to short-term leases	1,825	90
Provision for/(reversal of) impairment loss recognised under expected credit loss model on:		
Trade receivables	(3)	48
Contract assets	11	10
Loan receivables (credit impaired)	1,947	8,714
Loan receivables (not credit impaired)	(2,347)	1,560
Deposits and other receivables	3,777	487
	<u>3,385</u>	<u>10,819</u>

7. INCOME TAX EXPENSE/(CREDIT)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax		
– Provision for the year	–	–
– Over-provision in previous year	–	(52)
PRC Enterprise Income Tax (“EIT”)		
– Current income tax	2,079	–
Current tax expense/(credit)	<u>2,079</u>	<u>(52)</u>
Current tax expense/(credit)		
– Continuing operations	2,079	(52)
	<u>2,079</u>	<u>(52)</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of the qualifying corporations in the Group are taxed at 8.25%, and assessable profits above HK\$2 million are taxed at 16.5%. The assessable profits of corporations in Hong Kong 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 both years.

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 both years.

Under the Law of the EIT and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

No provision for the PRC EIT has been made in 2020 as the subsidiaries which operated in the PRC had no assessable profits for the year ended 31 December 2020.

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 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

9. EARNINGS/LOSS PER SHARE

(a) Basic earnings/loss per share

Continuing operations

The computation of the basic earnings/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\$4,987,000 (2020: loss of HK\$8,266,000) and the weighted average number of ordinary shares of 607,890,411 (2020: 511,202,186) during the year.

Discontinued operations

The computation of the basic loss per share amount from discontinued operations for the year ended 31 December 2020 are based on loss for the year attributable to ordinary equity holders of the Company from discontinued operations of HK\$1,841,000 and the weighted average number of ordinary shares of 511,202,186 during the year ended 31 December 2020.

Continuing and discontinued operations

The computation of the basic earning/loss per share amount from continuing and discontinued operations are based on the profit/loss for the year attributable to ordinary equity holders of the Company from continuing and discontinued operations of HK\$4,987,000 (2020: loss of HK\$10,107,000) and the weighted average number of ordinary shares of 607,890,411 (2020: 511,202,186) during the year.

(b) Diluted earnings/loss per share

Continuing, discontinued and continuing and discontinued operations

For the years ended 31 December 2021 and 2020, the computation of diluted earnings/loss per share from continuing, discontinued and continuing and discontinued operations were the same as the basic earnings/loss per share as there were no potential dilutive ordinary shares outstanding during the years.

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loan receivables:		
– Due within one year	76,663	24,265
– In more than one year but not more than two years	–	66,750
	<u>76,663</u>	<u>91,015</u>
Less: Allowance for expected credit losses	<u>(10,991)</u>	<u>(11,391)</u>
	<u>65,672</u>	<u>79,624</u>
Carrying amount analysed for reporting purpose:		
– Current assets	65,672	14,882
– Non-current assets	–	64,742
	<u>65,672</u>	<u>79,624</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 and interest bearing at fixed rates ranging from 6% to 10% (2020: 6% to 10%) per annum and the loan period were from 1 year to 2 years (2020: 6 months to 2 years). All borrowers were independent third parties.

As at 31 December 2021, the loan receivable with net carrying amount of approximately HK\$63,807,000 (2020: HK\$58,178,000) was secured by a corporate guarantee by an independent third party.

As at 31 December 2021, included in the Group's loan receivables balance are debtors with aggregate carrying amount of HK\$12,747,000 (2020: HK\$8,714,000) which were past due more than 90 days and/or with history of default. The directors consider credit risks have increased significantly on these loans and considered the loans as credit-impaired. The Group has taken legal action against the debtor to recover the loan and interest receivables of amount of HK\$8,714,000 (2020: HK\$8,714,000).

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 2021 is allowance for expected credit losses of HK\$10,991,000 (2020: HK\$11,391,000).

11. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	13,749	8,291
Less: Allowance for expected credit losses	<u>(53)</u>	<u>(56)</u>
	<u>13,696</u>	<u>8,235</u>

At 1 January 2020, trade receivables from contracts with customers amounted to HK\$15,992,000.

The Group's credit term with its customers for construction and ancillary services 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.

For customers of sales of wine products, invoices are due upon presentation.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current to 30 days	12,154	8,275
31–60 days	1,595	–
61–90 days	–	–
Over 90 days	<u>–</u>	<u>16</u>
	<u>13,749</u>	<u>8,291</u>

Included in the Group's trade receivables are receivables with the following carrying amounts which are past due at the end of each reporting period for which the Group has not provided for impairment loss as there has not been a significant change in the credit quality and the settlements after the end of the reporting period from those debtors are satisfactory. The Group does not hold any collateral over these balances. Ageing of trade receivables which are past due but not impaired, aged based on past due dates, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	8,749	8,219
Over 30 days	<u>–</u>	<u>16</u>
	<u>8,749</u>	<u>8,235</u>

12. TRADE PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	18,606	14,595

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current to 30 days	18,271	12,828
31–60 days	272	863
61–90 days	18	387
Over 90 days	45	517
	18,606	14,595

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the results of the Group for the FY2021, together with the comparative figures for the FY2020.

FINANCIAL REVIEW

During the FY2021, the revenue of the Group increased by 118.4% to HK\$247.2 million (FY2020: HK\$113.2 million) and the overall gross profit of the Group increased by 100.9% to HK\$47.2 million (FY2020: HK\$23.5 million). The Group recorded profit for the year of HK\$6.9 million (FY2020: Loss for the year of HK\$10.1 million) mainly due to the increase in gross profit margin from construction and ancillary services and consumer goods business, the decrease in allowance for expected credit losses and the absence of the loss for year from discontinued operations.

BUSINESS REVIEW

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

A breakdown of the revenue was listed below:

	Year ended		Year ended	
	31 December 2021		31 December 2020	
	HK\$'000	%	HK\$'000	%
Construction and ancillary services	168,705	68.3	103,470	91.4
Financial business	4,788	1.9	9,712	8.6
Consumer goods business	73,677	29.8	–	–
Revenue	<u>247,170</u>	<u>100</u>	<u>113,182</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 among our business segments in the FY2021. During the FY2021, the revenue from construction and ancillary services increased by 63.0% to HK\$168.7 million (FY2020: HK\$103.5 million). The increase in revenue from this business segment mainly due to the increase in revenue contributed from the construction and ancillary services of commercial 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\$4.8 million (FY2020: HK\$9.7 million). As at 31 December 2021, the gross loans and interest receivable amounted to HK\$76.7 million (31 December 2020: HK\$91 million) and allowance for expected credit loss of HK\$11.0 million (FY2020: HK\$11.4 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 (the “**Loan**”). For details of the loan agreement, please refer to the announcement dated 18 December 2020.

The Loan (its principal amount together with the interest accrued thereunder) was repaid in full in March 2022.

CONSUMER GOODS BUSINESS

Consumer goods business includes production and sales of wine products to customers. During FY2021, revenue from the consumer goods business amounted to HK\$73.7 million (FY2020: nil).

Selling and distribution expenses

During FY2021, selling and distribution expenses for consumer goods business amounted to HK\$8.9 million (FY2020: nil).

Administrative expenses

The administrative expenses increased by HK\$4.0 million from HK\$21.5 million in the FY2020 to HK\$25.5 million in FY2021. The increase was mainly due to the increase in administrative expenses for consumer goods business.

Profit/loss for the year

The Group recorded profit for the year of HK\$6.9 million in FY2021 as compared to the loss for the year of HK\$10.1 million in FY2020 mainly due to the increase in gross profit margin from construction and ancillary services and consumer goods business, the decrease in allowance for expected credit losses and the absence of the loss for year from discontinued operations.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 69 employees (31 December 2020: 26) in Hong Kong and the PRC. The total remuneration paid by the Group to its employees (including Directors) for FY2021 was HK\$15.7 million (FY2020: HK\$12.5 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, 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.

MATERIAL EVENTS AFTER THE END OF THE REPORTING PERIOD

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.

The Loan (its principal amount together with the interest accrued thereunder) was repaid in full in March 2022.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2021, the Group had a total cash and bank balances of HK\$21.9 million (31 December 2020: HK\$49.2 million) mainly denominated in Hong Kong dollars.

The Group continued to maintain a healthy liquidity position. As at 31 December 2021, the Group had net current assets of HK\$209.9 million (31 December 2020: HK\$118.7 million). The Group had current ratio of approximately 3.9 times as at 31 December 2021 compared to that of approximately 3.9 times at 31 December 2020.

The gearing ratio of the Group is defined as a percentage of interest-bearing liabilities divided by total equity. As at 31 December 2021, the gearing ratio had gearing ratio of approximately 16.4% (31 December 2020: 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 2021 (31 December 2020: nil).

PLACING OF NEW SHARES

On 23 November 2021, the Company entered into the placing agreement with the Cornerstone Securities Limited, pursuant to which the Company appointed Cornerstone Securities Limited as its placing agent to procure not less than six placees who are independent third parties to subscribe for up to 120,000,000 placing shares at the placing price of HK\$0.1 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 8 December 2021. An aggregate of 120,000,000 placing shares have been successfully placed to not less than six placees. The net proceeds from the placing were approximately HK\$11.7 million. The net proceeds were used as disclosed below.

Details of the placing have been set out in the announcements of the Company dated 23 November 2021 and 8 December 2021, 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 2021 are set below:

Up to 31 December 2021, the net proceeds had been applied as follows:

Use of proceeds	Intended use as stated in the announcements of the Company dated 23 November and 8 December 2021	Utilised amount for the year ended 31 December 2021	Unutilised amount as at 31 December 2021
	<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\$8 million to support the Group’s construction and its ancillary services	8	–	8
– as to the remaining balance of approximately HK\$3.7 million towards the general working capital of the Group and business development of the Group	3.7	1.8	1.9
Total	11.7	1.8	9.9

As at 31 December 2021, the net proceeds of HK\$1.8 million raised have been utilised as intended for the year ended 31 December 2021. There was unutilized proceeds of HK\$9.9 million as at 31 December 2021. 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 2021 (31 December 2020: nil).

CAPITAL COMMITMENTS

The Group had no significant outstanding capital commitment as at 31 December 2021 (31 December 2020: nil).

DIVIDEND

The Directors do not recommend any payment of final dividend for the year ended 31 December 2021 (31 December 2020: 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 FY2021.

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 and complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Listing Rules. Throughout the FY2021 and up to the date of this result, 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 2021.

SCOPE OF WORK

The figures in respect of the preliminary announcement of the Group’s results for the FY2021 have been agreed by the Group’s auditors, KTC Partners CPA Limited, to the amounts as set out in the Group’s consolidated financial statements for the FY2021. The work performed by KTC Partners CPA 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 KTC Partners CPA 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 FY2021.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hopelife.hk) and the Company's annual report for FY2021 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
LIANG Zhichao
Chairman

Hong Kong, 30 March 2022

As at the date of this announcement, the Board of Directors of the Company comprises Mr. LIANG Zhichao and Ms. CHEN Wuyou as Executive Directors; and Mr. CHEUNG Ting Pong, Ms. XIE Yanbin and Mr. ZHEN Jian as Independent Non-executive Directors.