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## **PROSPEROUS FUTURE HOLDINGS LIMITED**

### **未來發展控股有限公司**

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

**(Stock Code: 1259)**

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

##### **FINANCIAL HIGHLIGHTS OF CONTINUING OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2020:**

Revenue increased by about 41.5% from approximately RMB830.2 million of the same period in 2019 to approximately RMB1,175.0 million.

Gross profit increased by about 100.0% over the same period in 2019 to approximately RMB255.0 million.

Gross profit margin increased by around 6.3% over the same period in 2019 to approximately 21.7%.

Loss attributable to equity holders of the Company from continuing operations for the year amounted to approximately RMB33.9 million, as compared to loss attributable to equity holders of the Company from continuing operations amounted to RMB73.4 million over the same period in 2019.

Basic loss per share attributable to equity holders of the Company from continuing operations amounted to approximately RMB1.9 cents, as compared to basic loss per share attributable to equity holders of the Company from continuing operations amounted to approximately RMB4.6 cents over the same period in 2019.

The board (the “**Board**”) of directors (the “**Directors**”) of Prosperous Future Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2019, 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>	2019
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Continuing operations</b>			
Revenue	5	<b>1,175,005</b>	830,166
Cost of sales		<b>(920,015)</b>	(702,678)
Gross profit		<b>254,990</b>	127,488
Other income and gains	6	<b>29,242</b>	40,852
Loss on change in fair value of investment properties		<b>(4,450)</b>	(6,119)
Selling and distribution expenses		<b>(88,155)</b>	(67,467)
Administrative expenses		<b>(161,947)</b>	(124,107)
Impairment loss on goodwill		<b>(3,595)</b>	(2,804)
Other expenses	7	<b>(55,224)</b>	(51,792)
Finance costs	8	<b>(4,674)</b>	(4,774)
Share of profit/(loss) of associates		<b>95</b>	(65)
Share of profit of a joint venture		<b>266</b>	278
Loss before tax	9	<b>(33,452)</b>	(88,510)
Income tax (expense)/credit	10	<b>(4,463)</b>	1,863
Loss for the year from continuing operations		<b>(37,915)</b>	(86,647)

	<i>Notes</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	<i>11</i>	–	15,356
Loss for the year		<b>(37,915)</b>	(71,291)
(Loss)/profit attributable to equity holders of the Company from:			
– Continuing operations		<b>(33,909)</b>	(73,354)
– Discontinued operations		–	24,956
Loss for the year attributable to equity holders of the Company		<b>(33,909)</b>	(48,398)
Loss attributable to non-controlling interests from:			
– Continuing operations		<b>(4,006)</b>	(13,293)
– Discontinued operations		–	(9,600)
Loss for the year attributable to non-controlling interests		<b>(4,006)</b>	(22,893)
Loss for the year		<b>(37,915)</b>	(71,291)
Other comprehensive (expense)/income arising from continuing operations:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of operations outside Mainland China		<b>(22,902)</b>	7,101
Reclassification adjustment relating to foreign operations disposed of		<b>29</b>	–
		<b>(22,873)</b>	7,101
Item that will not be reclassified to profit or loss in subsequent periods:			
Loss on change in fair value of financial assets at fair value through other comprehensive income		<b>(6,035)</b>	(56,397)
		<b>(6,035)</b>	(56,397)

<i>Notes</i>	<b>2020</b> <b><i>RMB'000</i></b>	2019 <i>RMB'000</i>
Other comprehensive expense for the year arising from continuing operations	<b>(28,908)</b>	(49,296)
Other comprehensive income arising from discontinued operations:		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of operation outside Mainland China	–	364
Reclassification adjustment relating to foreign operations disposed of	–	8,498
Other comprehensive income arising for the year from discontinued operations	–	8,862
Total other comprehensive expense for the year	<b>(28,908)</b>	(40,434)
Total comprehensive expense for the year	<b>(66,823)</b>	(111,725)
Total comprehensive (expense)/income attributable to equity holders of the Company from:		
– Continuing operations	<b>(60,116)</b>	(123,554)
– Discontinued operations	–	33,640
Total comprehensive expense for the year attributable to equity holders of the Company	<b>(60,116)</b>	(89,914)
Total comprehensive expense attributable to non-controlling interests from:		
– Continuing operations	<b>(6,707)</b>	(12,389)
– Discontinued operations	–	(9,422)
Total comprehensive expense for the year attributable to non-controlling interests	<b>(6,707)</b>	(21,811)
Total comprehensive expense for the year	<b>(66,823)</b>	(111,725)

	<i>Notes</i>	<b>2020</b> <b><i>RMB cents</i></b>	2019 <i>RMB cents</i>
Loss per share from continuing and discontinued operations	<i>13</i>		
Basic		<b>(1.9)</b>	(3.0)
Diluted		<b>N/A</b>	N/A
Loss per share from continuing operations	<i>13</i>		
Basic		<b>(1.9)</b>	(4.6)
Diluted		<b>N/A</b>	N/A

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>102,684</b>	85,729
Right-of-use assets		<b>24,516</b>	27,639
Investment properties		<b>71,570</b>	80,460
Properties for development		<b>82,937</b>	99,234
Goodwill		<b>37,174</b>	–
Interests in associates		<b>6,000</b>	2,927
Interest in a joint venture		–	–
Financial assets at fair value through other comprehensive income		<b>27,249</b>	32,564
Deferred tax assets		<b>1,524</b>	2,677
Finance lease receivables	<i>16</i>	<b>11,201</b>	–
Factoring receivables		<b>75</b>	–
Loan and interest receivables	<i>14</i>	<b>3,922</b>	6,776
Prepayments, deposits and other receivables		<b>1,412</b>	1,499
		<b>370,264</b>	339,505
<b>CURRENT ASSETS</b>			
Inventories		<b>48,261</b>	40,820
Finance lease receivables	<i>16</i>	<b>23,836</b>	–
Factoring receivables		<b>3,129</b>	–
Loan and interest receivables	<i>14</i>	<b>30,067</b>	73,126
Trade receivables	<i>15</i>	<b>283,667</b>	97,746
Prepayments, deposits and other receivables		<b>117,638</b>	84,759
Contract assets		<b>1,627</b>	–
Amount due from an associate		<b>2,000</b>	23,125
Amount due from a joint venture		<b>2,346</b>	6,304
Other financial assets		<b>37,116</b>	–
Income tax recoverable		<b>755</b>	–
Pledged bank deposits		<b>38,072</b>	16,906
Cash held on behalf of clients		<b>111,884</b>	–
Cash and bank balances		<b>359,201</b>	414,065
		<b>1,059,599</b>	756,851

	<i>Notes</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>17</i>	<b>356,805</b>	104,314
Other payables and accruals		<b>43,208</b>	45,209
Bank and other borrowings		<b>158,098</b>	96,986
Promissory notes payable		–	12,130
Amounts due to associates		<b>103,161</b>	5,600
Amounts due to non-controlling interests		<b>1,460</b>	895
Lease liabilities		<b>6,595</b>	5,189
Income tax payable		<b>8,131</b>	4,463
		<b>677,458</b>	274,786
<b>NET CURRENT ASSETS</b>			
		<b>382,141</b>	482,065
<b>TOTAL ASSETS LESS</b>			
<b>CURRENT LIABILITIES</b>			
		<b>752,405</b>	821,570
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>(14,385)</b>	(17,335)
Deferred tax liabilities		<b>(14,760)</b>	(14,894)
		<b>(29,145)</b>	(32,229)
<b>NET ASSETS</b>			
		<b>723,260</b>	789,341
<b>EQUITY</b>			
Share capital		<b>15,348</b>	15,348
Reserves		<b>665,058</b>	725,174
Equity attributable to equity holders of the Company		<b>680,406</b>	740,522
Non-controlling interests		<b>42,854</b>	48,819
<b>TOTAL EQUITY</b>			
		<b>723,260</b>	789,341

## NOTES:

### 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is located at 17/F., Fung House, Nos. 19-20 Connaught Road Central, Central, Hong Kong and in the People's Republic of China (the "**Mainland China**" or the "**PRC**") is located at No. 8 North Wujiao Road, Lantian Economic Development Zone, Zhangzhou City, Fujian Province, the PRC.

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the manufacturing and sale of personal care products, provision of food and beverage services, provision of financial services, investment in securities, financing business, properties holding, trading of commodities and investment holding.

During the prior year ended 31 December 2019, the Group discontinued its operation of online platform, details of which are set out in note 11.

The consolidated financial statements of the Group, comprising the Company and its subsidiaries, are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

### 2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("**IFRSs**")

#### **Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the International Accounting Standard Board ("**IASB**") 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 IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

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



## Impacts on application of Amendments to IFRS 3 Definition of a Business

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

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

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

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

## New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendment to IFRS 16	Covid-19-Related Rent Concessions <sup>4</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>5</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>2</sup>
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 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 of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (“**Listing Rules**”) on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period.

### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into the following operating segments based on their products and services:

#### **Continuing operations**

- (a) Personal care products – manufacture and sale of skin care, body and hair care products in which can be classified as anti-epidemic products and general products (2019: manufacture and sale of skin care, body and hair care products)
- (b) Food and beverage – sale of frozen food and beverage products and provision of related services
- (c) Financial services – provision of professional services, such as fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services and data analysis, provision of dealing in securities and futures contracts, advising on securities and asset management services
- (d) Securities investment
- (e) Financing business – money lending, finance lease and factoring (2019: money lending)
- (f) Properties holding
- (g) Trading of commodities

During the year, the Group commenced the business engaging in provision of financial services, following the completion of the acquisitions of Ayasa Globo Financial Services (BVI) Limited (“**Ayasa Globo BVI**”) and its subsidiaries, Future Growth Financial Services Limited (formerly known as Goldenway Investments (HK) Limited) (“**FGFS**”) and Future Growth Asset Management Limited (formerly known as Goldenway Asset Management Limited) (“**FGAM**”), and this business is regarded a new operating and reportable segment by the management of the Group.

## **Discontinued operations**

### ***Operation of online platform***

The operation of online platform segment was disposed during the year ended 31 December 2019 and is regarded discontinued operations, details of which set out in note 11.

The Group’s management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment (loss)/profit, which is a measure of adjusted (loss)/profit before tax. The adjusted (loss)/profit before tax is measured consistently with the Group’s (loss)/profit before tax except that interest income derived from bank deposits, gain on disposal of subsidiaries, gain on bargain purchase in connection with acquisition of a subsidiary, reversal of impairment loss on interests in associates, impairment loss on goodwill, other unallocated income and gains, finance costs as well as corporate and unallocated expenses are excluded from such measurement.

Segment assets exclude unallocated property, plant and equipment, right-of-use assets, prepayments, deposits and other receivables, amount due from an associate, amount due from a joint venture, interests in associates, interest in a joint venture and cash and bank balances as these assets are managed on a group basis.

Segment liabilities exclude unallocated other payables and accruals, lease liabilities, promissory notes payable, bank and other borrowings, income tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

	Continuing operations							Discontinued operations			
	Personal care products RMB'000	Food and beverage RMB'000	Financial services RMB'000	Securities investment RMB'000	Financing business RMB'000	Properties holding RMB'000	Trading of commodities RMB'000	Sub-total RMB'000	Operation of online platform RMB'000	Sub-total RMB'000	Total RMB'000
<b>Segment revenue and segment results</b>											
Year ended 31 December 2020											
Revenue from external customers	736,876	370,463	31,091	12,060	13,820	-	10,695	1,175,005	-	-	1,175,005
Inter-segment revenue	-	-	74	(74)	-	-	-	-	-	-	-
<b>Segment revenue</b>	<b>736,876</b>	<b>370,463</b>	<b>31,165</b>	<b>11,986</b>	<b>13,820</b>	<b>-</b>	<b>10,695</b>	<b>1,175,005</b>	<b>-</b>	<b>-</b>	<b>1,175,005</b>
<b>Segment (loss)/profit</b>	<b>(17,643)</b>	<b>10,149</b>	<b>9,001</b>	<b>10,618</b>	<b>647</b>	<b>(16,484)</b>	<b>(1,739)</b>	<b>(5,451)</b>	<b>-</b>	<b>-</b>	<b>(5,451)</b>
Interest income from bank deposits								2,771			2,771
Gain on disposal of subsidiaries								746			746
Gain on bargain purchase in connection with acquisition of a subsidiary								1,046			1,046
Reversal of impairment loss on interests in associates								5,500			5,500
Other unallocated income and gains								1,582			1,582
Impairment loss on goodwill								(3,595)			(3,595)
Corporate and other unallocated expenses								(31,377)			(31,377)
Finance costs								(4,674)			(4,674)
<b>Loss before tax</b>								<b>(33,452)</b>			<b>(33,452)</b>
<b>Segment assets and segment liabilities</b>											
As at 31 December 2020											
<b>Segment assets</b>	<b>447,789</b>	<b>127,224</b>	<b>246,517</b>	<b>188,877</b>	<b>88,074</b>	<b>157,851</b>	<b>4,643</b>	<b>1,260,975</b>	<b>-</b>	<b>-</b>	<b>1,260,975</b>
Goodwill											37,174
Corporate and other unallocated assets											131,714
<b>Total assets</b>											<b>1,429,863</b>
<b>Segment liabilities</b>	<b>414,211</b>	<b>35,810</b>	<b>164,511</b>	<b>1,713</b>	<b>2,537</b>	<b>18,987</b>	<b>231</b>	<b>638,000</b>	<b>-</b>	<b>-</b>	<b>638,000</b>
Corporate and other unallocated liabilities											68,603
<b>Total liabilities</b>											<b>706,603</b>

	Continuing operations						Discontinued operations			Total RMB'000
	Personal care products RMB'000	Food and beverage RMB'000	Securities investment RMB'000	Financing business RMB'000	Properties holding RMB'000	Trading of commodities RMB'000	Subtotal RMB'000	Operation of online platform RMB'000	Subtotal RMB'000	
<b>Segment revenue and segment results</b>										
Year ended 31 December 2019										
Revenue from external customers	524,480	186,392	–	28,960	775	89,559	830,166	6,642	6,642	836,808
Inter-segment revenue	–	–	–	–	–	–	–	–	–	–
<b>Segment revenue</b>	<b>524,480</b>	<b>186,392</b>	<b>–</b>	<b>28,960</b>	<b>775</b>	<b>89,559</b>	<b>830,166</b>	<b>6,642</b>	<b>6,642</b>	<b>836,808</b>
<b>Segment (loss)/profit</b>	<b>(38,545)</b>	<b>5,724</b>	<b>(61)</b>	<b>(2,745)</b>	<b>(31,683)</b>	<b>(22,389)</b>	<b>(89,699)</b>	<b>6,606</b>	<b>6,606</b>	<b>(83,093)</b>
Interest income from bank deposits							2,047	–	–	2,047
Gain on disposal of subsidiaries							28,962	9,840	–	38,802
Gain on bargain purchase in connection with acquisition of a subsidiary							–	–	–	–
Reversal of impairment loss on interests in associates							–	–	–	–
Other unallocated income and gains							686	–	–	686
Impairment loss on goodwill							(2,804)	–	–	(2,804)
Corporate and other unallocated expenses							(22,928)	–	–	(22,928)
Finance costs							(4,774)	–	–	(4,774)
Loss before tax							<b>(88,510)</b>	<b>16,446</b>	<b>–</b>	<b>(72,064)</b>
<b>Segment assets and segment liabilities</b>										
As at 31 December 2019 (Restated)										
<b>Segment assets</b>	<b>283,327</b>	<b>140,896</b>	<b>33,903</b>	<b>129,888</b>	<b>182,811</b>	<b>8,362</b>	<b>779,187</b>	<b>–</b>	<b>–</b>	<b>779,187</b>
Goodwill										–
Corporate and other unallocated assets										317,169
Total assets										<b>1,096,356</b>
<b>Segment liabilities</b>	<b>190,658</b>	<b>45,323</b>	<b>199</b>	<b>2,486</b>	<b>18,926</b>	<b>11,289</b>	<b>268,881</b>	<b>–</b>	<b>–</b>	<b>268,881</b>
Corporate and other unallocated liabilities										38,134
Total liabilities										<b>307,015</b>

For the current year under review, certain pledged deposits, cash and bank balances and bank and other borrowings that were previously classified as unallocated assets/liabilities have been reallocated to respective segments as a result of change of view of the Group's management in assessing segment performance and deciding how to allocate the Group's resources. Previously reported figures in respect of certain segment assets and segment liabilities as at 31 December 2019 have been restated to conform with the presentation of segmental information adopted in respect of the current year. These restatements of segments assets and segment liabilities have no impact on the Group's revenue and profit/loss for the current and comparative years nor on the total assets and total liabilities of the Group as at 31 December 2020 and 31 December 2019.

	Continuing operations							Discontinued operations			Total RMB'000
	Personal care products RMB'000	Food and beverage RMB'000	Financial services RMB'000	Securities investment RMB'000	Financing business RMB'000	Properties holding RMB'000	Trading of commodities RMB'000	Sub-total RMB'000	Operation of online platform RMB'000	Sub-total RMB'000	
	<b>Other segment information:</b>										
<b>Year ended 31 December 2020</b>											
Depreciation charge*	11,879	6,125	1,764	-	670	-	-	20,438	-	-	20,438
Unallocated											2,131
Total depreciation charge											<u>22,569</u>
Capital expenditure**	42,981	1,039	313	-	72	-	-	44,405	-	-	44,405
Unallocated											1,515
Total capital expenditure											<u>45,920</u>

	Continuing operations							Discontinued operations			Total RMB'000
	Personal care products RMB'000	Food and beverage RMB'000	Securities investment RMB'000	Financing business RMB'000	Properties holding RMB'000	Trading of commodities RMB'000	Subtotal RMB'000	Operation of online platform RMB'000	Subtotal RMB'000		
	<b>Other segment information:</b>										
<b>Year ended 31 December 2019</b>											
Depreciation charge*	28,128	216	-	3,316	45	-	31,705	-	-	-	31,705
Unallocated											1,668
Total depreciation charge											<u>33,373</u>
Capital expenditure**	11,885	9,807	-	-	-	-	21,692	-	-	-	21,692
Unallocated											-
Total capital expenditure											<u>21,692</u>

\* Depreciation charge consists of depreciation of property, plant and equipment and right-of-use assets.

\*\* Capital expenditure consists of additions to property, plant and equipment, investment properties and properties for development.

## Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers as detailed below:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Continuing operations</b>		
PRC (excluding Hong Kong)	285,826	335,481
Hong Kong	406,498	213,742
USA	282,269	241,443
United Kingdom	145,642	31,522
Overseas (excluding USA and United Kingdom)	54,770	7,978
	<u>1,175,005</u>	<u>830,166</u>
<b>Discontinued operations</b>		
Hong Kong	–	6,642
	<u>1,175,005</u>	<u>836,808</u>

## Information about major customers

Revenue from individual customers contributing over 10% of the revenue of the Group is as follows:

Revenue generated from	Continuing operations	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Customer A	Personal care products	184,430	200,566
Customer B	Personal care products	183,380	191,594

No individual customers of discontinued operations contributing over 10% of the revenue of the Group for both of the years presented.

## 5. REVENUE

An analysis of the Group's revenue by major products and services categories for the year are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Continuing operations</b>		
Revenue from sale of goods	747,571	614,039
Income from food and beverage business	370,463	186,392
Income from provision of professional services	29,580	–
Income from provision of services regarding dealing in securities and futures contracts	71	–
Income from asset management and advising on securities services	1,440	–
	<u>1,149,125</u>	<u>800,431</u>
<b>Discontinued operations</b>		
Income from operation of online platform	–	6,642
	<u>1,149,125</u>	<u>807,073</u>
<b>Continuing operations</b>		
Interest income from finance lease business	4,556	–
Interest income from money lending business	9,264	28,960
Interest income from financial assets at fair value through profit or loss	3,712	–
Fair value gain on financial assets at fair value through profit or loss	8,348	–
Rental income from lease of investment properties	–	775
	<u>25,880</u>	<u>29,735</u>
<b>Total revenue</b>	<u><u>1,175,005</u></u>	<u><u>836,808</u></u>



## Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by timing of revenue recognition:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
<b>Continuing operations</b>		
At a point in time	1,118,788	794,566
Over time	30,337	5,865
	<u>1,149,125</u>	<u>800,431</u>
<b>Discontinued operations</b>		
Over time	–	6,642
	<u>1,149,125</u>	<u>807,073</u>

Revenue from sale of goods, mainly comprising personal care products and commodities, is recognised at a point in time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Income from food and beverage business mainly represents sales of frozen food and beverage products which is recognised at a point in time, when the Group transferred the promised goods and services to customers. Income from food and beverage business also includes service income from provision of related services to customers which is recognised at over time basis.

Income from provision of professional services mainly includes (i) fund administration services and data analysis services which are recognised at over time basis and (ii) fund setup services and other corporate services which are recognised at a point in time.

Income from provision of services regarding dealing in securities and futures contracts are recognised at a point in time and income from asset management and advising on securities services are recognised at over time basis.

Based on the historical pattern, the directors of the Company are of the opinion that the income from provision of food and beverage related services, fund administrative services, data analysis services, income from asset management and advising on securities services and income from operation of online platform are derived from services rendered for periods of one year or less. As permitted under IFRS 15, the transaction price which allocated to the unsatisfied contracts is not disclosed.

## 6. OTHER INCOME AND GAINS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Continuing operations</b>		
Interest income from bank deposits	2,771	2,047
Income derived from other financial assets	870	515
Government subsidies ( <i>note below</i> )	5,767	4,298
Gain on disposal of subsidiaries	746	28,962
Gain on disposal of property, plant and equipment	6,223	61
Gain on bargain purchase in connection with acquisition of a subsidiary	1,046	–
Reversal of impairment loss on interests in associates	5,500	–
Reversal of impairment loss on loan and interest receivables ( <i>note 14</i> )	2,592	–
Reversal of impairment loss on trade receivables ( <i>note 15</i> )	–	1,911
Sundry income	3,727	3,058
	<u>29,242</u>	<u>40,852</u>
<b>Discontinued operations</b>		
Gain on disposal of subsidiaries ( <i>note 11</i> )	–	9,840
	<u>29,242</u>	<u>50,692</u>

*Note:* There are no unfulfilled conditions or contingencies relating to these subsidiaries.

## 7. OTHER EXPENSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Continuing operations</b>		
Impairment loss on properties for development	11,124	26,451
Impairment loss on loan and interest receivables ( <i>note 14</i> )	–	4,644
Impairment loss on finance lease receivables ( <i>note 16</i> )	2,855	–
Impairment loss on prepayments, deposits and other receivables	13,800	–
Impairment loss on trade receivables ( <i>note 15</i> )	20,075	6,775
Loan and interest receivables written off ( <i>note 14</i> )	7,363	12,586
Loss on disposal of property, plant and equipment	–	689
Others	7	647
	<hr/>	<hr/>
	<b>55,224</b>	<b>51,792</b>
	<hr/> <hr/>	<hr/> <hr/>

## 8. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Continuing operations</b>		
Interest on bank borrowings	1,335	2,852
Interest on other borrowings	1,982	1,640
Finance costs on lease liabilities	1,357	282
	<hr/>	<hr/>
	<b>4,674</b>	<b>4,774</b>
	<hr/> <hr/>	<hr/> <hr/>

## 9. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Continuing operations</b>		
Cost of inventories sold ( <i>note a below</i> )	831,437	698,793
Depreciation of property, plant and equipment ( <i>note a below</i> )	14,949	29,567
Depreciation of right-of-use assets	7,620	3,806
Storage expenses	18,131	8,591
Short-term lease expenses	1,195	797
Employee benefit expenses (including directors' remuneration) ( <i>notes a &amp; b below</i> ):		
Wages and salaries	119,138	74,950
Retirement benefit scheme contributions	4,739	5,849
Total staff costs	<u>123,877</u>	<u>80,799</u>
Auditors' remuneration		
– audit services	2,008	1,977
– non-audit services	554	710
Research and development costs included in administrative expenses ( <i>note b below</i> )	38,468	22,233
Net foreign exchange losses	<u>22,830</u>	<u>7,520</u>
<b>Discontinued operations</b>		
Employee benefit expenses (including directors' remuneration)		
Wages and salaries	–	3
Total staff costs	<u>–</u>	<u>3</u>

*Notes:*

- (a) The depreciation and employee benefit expenses include amounts of RMB8,049,000 (2019: RMB2,276,000) and RMB64,930,000 (2019: RMB36,899,000) respectively which are also included in the cost of inventories sold.
- (b) For the year ended 31 December 2020, the research and development costs include an amount of RMB11,958,000 (2019: RMB7,771,000) relating to staff costs for research and development activities, which also include in the total amounts of employee benefit expenses.

## 10. INCOME TAX (EXPENSE)/CREDIT

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Continuing operations</b>		
Hong Kong Profits Tax	(3,055)	–
PRC Enterprise Income Tax	(284)	36
	<hr/>	<hr/>
Current tax (expense)/credit	(3,339)	36
Deferred tax (charge)/credit	(1,124)	1,827
	<hr/>	<hr/>
Income tax (expense)/credit from continuing operations	(4,463)	1,863
	<hr/>	<hr/>
<b>Discontinued operations</b>		
Hong Kong Profits Tax	–	(1,090)
	<hr/>	<hr/>
Income tax expense from discontinued operations	–	(1,090)
	<hr/>	<hr/>
Total income tax (expense)/credit	(4,463)	773
	<hr/> <hr/>	<hr/> <hr/>

## 11. DISCONTINUED OPERATIONS

On 23 August 2019, the Company, entered into an agreement with an independent third party to dispose of 51% equity interest in a subsidiary, Marvel Paramount Holdings Limited (“**Marvel**”), Marvel, which through its subsidiary, MyBB Media Company Limited, carried out all of the Group’s business of online platform operations before the disposal of Marvel. During the prior year ended 31 December 2019, the disposal was completed on 8 October 2019 and the Group discontinued its business of online platform operations.

An analysis of the profit from the discontinued business of operations of online platform segment is set out below.

	1/1/2019 – 8/10/2019 <i>RMB'000</i>
Profit from online platform operations	5,516
Gain on disposal of the subsidiaries	9,840
	<hr/>
	15,356
	<hr/> <hr/>

The results of online platform operations for the period from 1 January 2019 to 8 October 2019, which were included in discontinued operations, are analysed as follows:

	1/1/2019 – 8/10/2019 <i>RMB'000</i>
Revenue	
Income from operations of online platform	6,642
Cost of sales	(22)
Gross profit	6,620
Selling and distribution expenses	–
Administrative expenses	(14)
Profit before tax	6,606
Income tax expense	(1,090)
Profit for the period	<u>5,516</u>
Net cash outflow from operating activities	(2)
Net cash inflow from investing activities	–
Net cash outflow from financing activities	–
Net decrease in cash and bank balances	<u>(2)</u>

## 12. DIVIDENDS

The directors of the Company do not recommend any payment of a dividend in respect of the year ended 31 December 2020 (2019: Nil).

### 13. LOSS PER SHARE

The calculation of the basic loss per share attributable to equity holders of the Company is based on the following data:

	<b>Continuing and discontinued operations</b>		<b>Continuing operations</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<i><b>RMB'000</b></i>	<i>RMB'000</i>	<i><b>RMB'000</b></i>	<i>RMB'000</i>
<b>Loss</b>				
Loss for the purpose of basic loss per share				
Loss for the year attributable to equity holders of the Company	<b>(33,909)</b>	(48,398)	<b>(33,909)</b>	(73,354)
	<b>2020</b>	2019	2020	2019
	<i><b>'000</b></i>	<i>'000</i>	<i><b>'000</b></i>	<i>'000</i>
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>1,810,123</b>	1,611,493	<b>1,810,123</b>	1,611,493

The computation of diluted loss per share does not assume the exercise of the Company's share options granted because the exercise prices of those share options were higher than the average market prices for shares of the Company for both of the years ended 31 December 2020 and 31 December 2019.

Diluted loss per share for the year ended 31 December 2020 and 31 December 2019 are not presented as there were no other potential shares in issue for both of the years.

## 14. LOAN AND INTEREST RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Loan and interest receivables thereon		
– within one year	36,709	82,847
– in the second to fifth years	3,685	3,631
– over the fifth years	237	3,079
	<u>40,631</u>	<u>89,557</u>
Less: impairment loss recognised	<u>(6,642)</u>	<u>(9,655)</u>
	<u><b>33,989</b></u>	<u><b>79,902</b></u>
Analysed for reporting as:		
Non-current asset	3,922	6,776
Current asset	30,067	73,126
	<u><b>33,989</b></u>	<u><b>79,902</b></u>
Movements during the year are as follows:		
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
At 1 January	79,902	176,091
Loans made by the Group	52,673	64,507
Interest on loan receivables ( <i>note 5</i> )	9,264	28,960
Loans and interest repaid by borrowers	(100,777)	(149,516)
Loan and interest written off ( <i>note 7</i> )	(7,363)	(12,586)
Loan and interest disposed	–	(24,671)
Impairment loss recognised ( <i>note 7</i> )	–	(4,644)
Reversal of impairment loss recognised ( <i>note 6</i> )	2,592	–
Exchange realignment	(2,302)	1,761
At 31 December	<u><b>33,989</b></u>	<u><b>79,902</b></u>



Movements of impairment loss on loan and interest receivables are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
At 1 January	9,655	4,860
Impairment loss recognised ( <i>note 7</i> )	–	4,644
Reversal of impairment loss recognised ( <i>note 6</i> )	(2,592)	–
Exchange realignment	(421)	151
	<hr/>	<hr/>
At 31 December	<b>6,642</b>	9,655
	<hr/> <hr/>	<hr/> <hr/>

*Note:*

On 15 November 2019, Queen's Finance Limited ("**Queen's Finance**"), an indirect wholly-owned subsidiary of the Company, entered into the deed of assignment with Flexi Credits Limited ("**Flexi Credits**"), an independent third party, pursuant to which the Group disposed of its loan receivables from certain parties (together with interests thereon) to Flexi Credits for an aggregate consideration of HK\$28,015,000 which approximates the carrying amounts of such loan receivables.

Details of loan receivables (excluding interest receivables) are as follows:

### 31 December 2020

Loan principal amount <i>HK\$'000</i>	Number of borrowers	Interest rate per annum	Maturity date	Security pledged
16,278	3	10.0% to 16.8%	Within one year after 31 December 2020	Leasehold properties owned by the borrowers
28,294	19	12.0% to 58.0%	Within one year to 8 years after 31 December 2020	Nil
<hr/>				
<b>44,572</b>				
<hr/> <hr/>				

31 December 2019

Loan principal amount <i>HK\$'000</i>	Number of borrowers	Interest rate per annum	Maturity date	Security pledged
16,129	6	13.2% to 31.3%	Within one year to 18 years after 31 December 2019	Leasehold properties owned by the borrowers
78,099	122	12.0% to 58.0%	Within one year to 9 years after 31 December 2019	Nil
<u>94,228</u>				

Loan and interest receivables thereon will be settled by the borrowers at their respective maturity dates.

## 15. TRADE RECEIVABLES

	<b>2020</b> <b><i>RMB'000</i></b>	2019 <i>RMB'000</i>
Trade receivables arising from dealing in securities and futures contracts services ( <i>note a</i> )	<b>95,763</b>	–
Trade receivables arising from other business ( <i>note b</i> )	<b>214,743</b>	104,521
	<b>310,506</b>	104,521
Less: allowance for trade receivables from other business	<b>(26,839)</b>	(6,775)
	<b>283,667</b>	97,746

*Note:*

- (a) The trade receivables from dealing in securities and futures contracts services represent receivables from clearing house, brokers and cash clients. The settlement terms of these trade receivables are one to two days after trade date. The trade receivables are not past due as at 31 December 2020 based on settlement terms and are not impaired and are settled subsequent to 31 December 2020. No aging analysis of the trade receivables from clearing house, brokers and cash clients are disclosed as management of the Group is of the view that the aging analysis does not give additional value in view of the nature of this business.
- (b) Trade receivables arising from other business include trade receivables arising from personal care products, food and beverage and provision of professional services business.

The Group's trading terms with its customers of other business are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days to 180 days (2019: 30 days to 180 days).

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest bearing.

An aged analysis of the trade receivables arising from other business as at the end of the Reporting Period, based on the invoice date, is as follows:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 30 days	<b>52,359</b>	52,954
31 to 60 days	<b>26,778</b>	22,956
61 to 90 days	<b>48,673</b>	10,301
Over 90 days	<b>60,094</b>	11,535
	<hr/> <b>187,904</b> <hr/>	<hr/> 97,746 <hr/>

The aged analysis of the trade receivables arising from other business that are not considered to be impaired is as follows:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Neither past due nor impaired	<b>115,900</b>	65,212
Past due but not impaired		
– 1 to 30 days	<b>69,712</b>	30,547
– Over 30 days	<b>2,292</b>	1,987
	<hr/>	<hr/>
Total	<b>187,904</b>	97,746
	<hr/> <hr/>	<hr/> <hr/>

The Group's trade receivables arising from other business that were neither past due nor impaired mainly represent sales made to be recognised and creditworthy customers that have a good track record with the Group and for whom there was no recent history of default.

Based on past experience, the directors are of the opinion that except for the impairment loss made based on the expected credit loss provision, no additional provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Movements of allowance of trade receivables arising from other business are as follows:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
At 1 January	<b>6,775</b>	1,911
Impairment loss recognised ( <i>note 7</i> )	<b>20,075</b>	6,775
Reversal of impairment ( <i>note 6</i> )	–	(1,911)
Exchange realignment	<b>(11)</b>	–
	<hr/>	<hr/>
At 31 December	<b>26,839</b>	6,775
	<hr/> <hr/>	<hr/> <hr/>

## 16. FINANCE LEASE RECEIVABLES

	<b>Minimum lease payments 2020 RMB'000</b>	Minimum lease payments 2019 RMB'000	<b>Present value of minimum lease payments 2020 RMB'000</b>	Present value of minimum lease payments 2019 RMB'000
Finance lease receivables comprise:				
Within one year	34,702	–	26,691	–
In the second year	12,375	–	11,032	–
In the third year	176	–	169	–
	<u>47,253</u>	<u>–</u>	<u>37,892</u>	<u>–</u>
Less: unearned finance income	<u>(9,361)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Present value of minimum lease payment receivables	37,892	–	37,892	–
Less: impairment loss recognised	<u>(2,855)</u>	<u>–</u>	<u>(2,855)</u>	<u>–</u>
	<u><u>35,037</u></u>	<u><u>–</u></u>	<u><u>35,037</u></u>	<u><u>–</u></u>
			2020	2019
			<i>RMB'000</i>	<i>RMB'000</i>
Analysed as:				
Current			23,836	–
Non-current			11,201	–
			<u><u>35,037</u></u>	<u><u>–</u></u>

The Group entered into finance lease arrangements as a lessor for equipment and motor vehicles. The average terms of finance leases entered into usually range from 3 to 36 months. All interest rates inherent in the leases are fixed at the contract date over the lease terms. All of the lease contracts are with guaranteed residual values.

For the year ended 31 December 2020, the finance lease receivables increased due to commencement of the finance lease business during the year.

Interest rates implicit in the above finance leases ranged from 19.3% to 42.6% (2019: Nil) per annum, with an average effective interest rate of approximately 39.9% (2019: Nil).

Finance lease receivables are secured over the equipment and motor vehicles leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

## 17. TRADE AND BILLS PAYABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables arising from dealing in securities and futures contracts services ( <i>note a</i> )	88,934	–
Trade and bills payables arising from other business ( <i>note b</i> )	267,871	104,314
	<u>356,805</u>	<u>104,314</u>

*Note:*

- (a) Trade payables arising from dealing in securities and futures contracts services represent payables to clearing house and cash clients. The settlement terms of these trade payables are two days after trade date.

No aging analysis of the trade payables to clearing house and cash clients is disclosed as management of the Group is of the view that the aging analysis does not give additional value in view of the nature of this business.

- (b) Trade and bills payables arising from other business include trade payables arising from personal care products, food and beverage and provision of professional services business.

An aged analysis of the trade and bills payables arising from other business as at the end of the Reporting Period, based on invoice date, is as follows:

	<b>2020</b> <b><i>RMB'000</i></b>	2019 <i>RMB'000</i>
Within 30 days	<b>157,064</b>	31,880
31 to 90 days	<b>54,908</b>	33,886
Over 90 days	<b>55,899</b>	38,548
	<hr/> <b>267,871</b> <hr/>	<hr/> 104,314 <hr/>

The trade payables are interest free and are normally settled on terms of 30 days to 180 days (2019: 30 days to 180 days).

As at 31 December 2020, bills payables amounted to RMB79,516,000 (2019: RMB53,633,000) included in trade and bills payables were secured by the pledged bank deposits of RMB38,072,000 (2019: RMB16,906,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

The principal activity of Prosperous Future Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is investment holding. The Group is principally engaged in the manufacturing and sale of personal care products, provision of food and beverage services, provision of financial services, investment in securities, financing business, properties holding, trading of commodities and investment holding.

During the year ended 31 December 2019, the Group discontinued its operation of online platform.

## BUSINESS REVIEW

### Continuing operations:

#### Personal Care Products

During the year ended 31 December 2020 (the “**Reporting Period**”), the Group’s business segment of personal care products contributed a total revenue of approximately RMB736.9 million, representing an increase of about 40.5% over the same period of last year (31 December 2019: RMB524.5 million). The increase in the turnover was mainly due to increase in demand of anti-epidemic products during the outbreak of the coronavirus (“**COVID-19**”) pandemic since early 2020. The Group’s anti-epidemic products contributed a total revenue of RMB142.3 million during the Reporting Period (31 December 2019: Nil).

If the revenue from the anti-epidemic products are excluded, the personal care products contributed a total revenue of approximately RMB594.6 million, representing an increase of about 13.4% over the same period of last year (31 December 2019: RMB524.5 million).

The total gross profit for personal care products business was approximately RMB161.1 million for the Reporting Period, representing an increase of approximately 72.1% as compared with approximately RMB93.6 million for the year ended 31 December 2019. Gross profit margin increased to approximately 21.9%, representing an increase of approximately 4.1% compared with the same period of last year. The increase is mainly due to the outbreak of the COVID-19 pandemic, which led to a sudden surge in demand for anti-epidemic products during the Reporting Period.



The Group's anti-epidemic products contributed a total gross profit of RMB36.7 million during the Reporting Period (31 December 2019: Nil).

If the gross profit from the anti-epidemic products are excluded, the personal care products contributed a total gross profit of approximately RMB124.4 million, representing an increase of about 32.9% over the same period of last year (31 December 2019: RMB93.6 million). Gross profit margin increased to approximately 20.9%, representing an increase of approximately 3.1% compared with the same period of last year.

The personal care products business recorded a loss of approximately RMB17.6 million during the Reporting Period as compared with loss of approximately RMB38.5 million for the year ended 31 December 2019. The decrease in loss is mainly due to increase in demand for anti-epidemic products during the outbreak of the COVID-19 pandemic since early 2020.

In the past few months, there has been a significant reduction in the number of COVID-19 cases around the world, including in Hong Kong. The main reasons for the reduction in COVID-19 cases include the success of social distancing measures implemented by various Government, greater public awareness of COVID-19 as well as the use of anti-epidemic products such as face masks and alcohol-based hand rub by the general public and the implementation of vaccine rollouts around the world.

Based on the latest information available to the Company, it is expected that the trend of decreasing number of COVID-19 cases will continue for the remainder of 2021 and that there will be a gradual recovery of the economy in 2021. In view of the above, the Company expects that there will be a significant decline in both the demand for anti-epidemic products and revenue generated from sales of anti-epidemic products for the year ending 31 December 2021 as compared with the Reporting Period.

### **Provision of Food and Beverage Services**

The Group's provision of food and beverage services business has recorded steady growth since its acquisition of Real Power International Group Limited in March 2019 and China Cold Chain Co. Limited in June 2019.

During the Reporting Period, the Group's business segment of provision of food and beverage services business contributed a total revenue of approximately RMB370.5 million to the Group, representing an increase of about 98.8% over the same period of last year (31 December 2019: RMB186.4 million). The increase in the turnover was mainly due to increase the demand for frozen foods such as meat and poultry for families in Hong Kong in response to the social-distancing measures and restrictions on restaurants dine-in services imposed by the government from time to time due to the COVID-19 pandemic.

The provision of food and beverage services business recorded a segment profit of approximately RMB10.1 million during the Reporting Period (31 December 2019: RMB5.7 million).

### **Provision of Financial Services**

The Group's provision of financial services business has recorded steady growth since its acquisitions of Ayasa Globo Financial Services (BVI) Limited (“**Ayasa Globo BVI**”) and its subsidiaries in April 2020 and acquisitions of Future Growth Financial Services Limited (formerly known as Goldenway Investments (HK) Limited) (“**FGFS**”) and Future Growth Asset Management Limited (formerly known as Goldenway Asset Management Limited) (“**FGAM**”) in October 2020.

The Group's provision of financial services includes provision of professional services, provision of dealing in securities and futures contracts, advising on securities and asset management services.

During the Reporting Period, the Group's business segment of provision of financial services business contributed a total revenue of approximately RMB31.1 million to the Group (31 December 2019: Nil).

The provision of financial services business recorded a segment profit of approximately RMB9.0 million during the Reporting Period (31 December 2019: Nil).

### **Securities Investment**

During the Reporting Period, the Group's business segment of securities investment contributed a total revenue of approximately RMB12.1 million to the Group (31 December 2019: Nil).

The Group's securities investment business includes investment in listed securities and private unlisted fund for long-term purposes which are classified as financial assets at fair value through other comprehensive income and equity-link investments, bond investment and other unlisted investments which are classified as financial assets at fair value through profit and loss.

As at 31 December 2020, the Group had a portfolio of securities investment of approximately RMB6.8 million, all of which were equity securities listed in Hong Kong and New York, unlisted investment fund of approximately RMB20.5 million, bond investment of approximately RMB3.5 million and other unlisted investments of approximately RMB33.6 million.

Details of the investment performance during the Reporting Period in respect of equity securities listed in Hong Kong and New York and the unlisted fund held by the Group are as follows:

Name of the investments	% to the total assets of the Group as at 1 January 2020	% to the interest in the respective investments as at 1 January 2020	Movement for the year						Fair value as at 31 December 2020	% to the total assets of the Group as at 31 December 2020	% to the interest in the respective investments as at 31 December 2020	Realised gain/(loss) on investments
			Fair value as at 1 January 2020	Additions	Disposal	Change on fair value	Exchange on realignment	Fair value as at 31 December 2020				
<b>Listed securities in Hong Kong</b>												
International Entertainment Corporation (1009)	0.62	0.92	6,777	-	-	(1,124)	(334)	5,319	0.37	0.97	-	
Gain Plus Holdings Limited (9900)	0.05	0.34	576	-	-	(142)	(27)	407	0.03	0.34	-	
AL Group Limited (8360)	-	-	-	721	-	409	(60)	1,070	0.07	2.51	-	
China Railway Construction Corporation Limited (1186)	-	-	-	1,780	(1,542)	(238)	-	-	-	-	(238)	
CNOOC Limited (883)	-	-	-	3,116	(3,072)	(44)	-	-	-	-	(44)	
Hengan International Group Company Limited (1044)	-	-	-	2,185	(2,158)	(27)	-	-	-	-	(27)	
Vinda International Holdings Limited (3331)	-	-	-	3,114	(2,614)	(500)	-	-	-	-	(500)	
<b>Listed securities in New York Stock Exchange</b>												
Occidental Petroleum Corporation (OXY)	-	-	-	3,450	(5,491)	2,041	-	-	-	-	2,041	
			7,353	14,366	(14,877)	375	(421)	6,796			1,232	
<b>Unlisted fund</b>												
Head and shoulders Global investment Fund SFC	2.30	N/A	25,211	-	-	(3,479)	(1,279)	20,453	1.43	N/A	N/A	
<b>Total</b>			<b>32,564</b>	<b>14,366</b>	<b>(14,877)</b>	<b>(3,104)</b>	<b>(1,700)</b>	<b>27,249</b>			<b>1,232</b>	

The securities investment business recorded a segment profit of approximately RMB10.6 million (31 December 2019: segment loss of approximately RMB61,000).

The Group will continue to be cautious in making new investments and trading of financial assets under current economic environment amid the intensified conflicts in the international trade and volatility in the stock markets and will strive to maintain and grow its portfolio value in future.

## **Financing Business**

The Group's financing business includes the money lending, provision of finance lease and factoring business. The Group's provision of finance lease and factoring business have commenced since June 2020 and July 2020.

During the Reporting Period, the Group's business segment of financing business contributed a total revenue of approximately RMB13.8 million, representing a decrease of about 52.3% over the same period of last year (31 December 2019: RMB29.0 million) and recorded a segment profit of approximately RMB0.6 million during the Reporting Period (31 December 2019: segment loss of approximately RMB2.7 million).

The loan and interest receivables of approximately RMB7.4 million was written off during the Reporting Period (31 December 2019: RMB12.6 million).

A reversal of impairment loss on loan and interest receivables of approximately RMB2.6 million was recognised during the Reporting Period (provision for impairment loss for 31 December 2019: approximately RMB4.6 million).

An impairment loss on finance lease receivables of approximately RMB2.9 million was provided during the Reporting Period (31 December 2019: Nil).

As at 31 December 2020, the Group has outstanding (i) unsecured loan of approximately RMB19.5 million with average effective interest rate of approximately 20.1% per annum with terms ranging from 12 to 120 months; and (ii) mortgage loan of approximately RMB14.5 million with average effective interest rate of approximately 13.5% per annum with terms ranging from 1 to 12 months. The mortgage loans granted by the Group were typically secured by mortgages, charge on shares or assets. In the event of default or failure to repay any outstanding amounts by the debtors, the Group has the right to proceed with sale of collaterals; (iii) finance lease receivables of approximately RMB35.0 million with average effective interest rate of approximately 39.9% per annum with terms ranging from 3 to 36 months and (iv) factoring receivables of approximately RMB3.2 million with average effect interest rate of approximately 21.7% per annum with terms of 24 months.

## **Properties Holding**

During the Reporting Period, the Group did not record any revenue from the business segment of properties holding business (31 December 2019: RMB0.8 million).

The properties holding business recorded a segment loss of approximately RMB16.5 million (31 December 2019: RMB31.7 million).

An impairment loss on properties for development of approximately RMB11.1 million was provided during the Reporting Period (31 December 2019: RMB26.5 million).

The loss on change in fair value of investment properties of approximately RMB4.5 million was provided during the Reporting Period (31 December 2019: RMB6.1 million).

## **Trading of Commodities**

During the Reporting Period, the Group's business segment of trading of commodities contributed a total revenue of approximately RMB10.7 million to the Group, representing a decrease of about 88.1% over the same period of last year (31 December 2019: RMB89.6 million), which was mainly due to Group's business strategy to focus on the development of other more promising business segments.

During the Reporting Period, the Group's trading of commodities business recorded a loss of approximately RMB1.7 million (31 December 2019: RMB22.4 million).

## **Discontinued Operations:**

### **Operation of Online Platform**

The operation of online platform segment was disposed by the Group during the prior year ended 31 December 2019 and is regarded discontinued operations. During the Reporting Period, the Group did not record any revenue from the discontinued operations.

The Group's business segment of operation of online platform contributed a total revenue of approximately RMB6.6 million to the Group and recorded a profit of approximately RMB6.6 million for the prior year ended 31 December 2019.

## **FINANCIAL REVIEW**

### **Revenue**

During the Reporting Period, the revenue of the Group's continuing operations was approximately RMB1,175.0 million, representing an increase of about 41.5% over the same period of last year (for the year ended 31 December 2019: RMB830.2 million).

During the Reporting Period, no revenue was recorded for the Group's discontinued operations (for the year ended 31 December 2019: RMB6.6 million).

### **Gross Profit and Gross Profit Margin**

Gross profit of the Group's continuing operations for the Reporting Period was approximately RMB255.0 million, representing an increase of about 100.0% as compared with the gross profit of approximately RMB127.5 million for the year ended 31 December 2019. The increase in the gross profit was mainly due to increase in demand of personal care products business and food and beverage business and decrease in the gross loss for trading of commodities business.

During the Reporting Period, the gross profit margin of continuing operations increased by approximately 6.3% over the same period of last year to approximately 21.7% (for the year ended 31 December 2019: 15.4%). The increase in overall gross profit margin was primarily due to the improvement of the gross profit margin for the personal care products business and food and beverage business and decrease in the gross loss for trading of commodities business.

The total gross profit for personal care products business was approximately RMB161.1 million for the Reporting Period, representing an increase of approximately 72.1% as compared with approximately RMB93.6 million for the year ended 31 December 2019. Gross profit margin increased to approximately 21.9%, representing an increase of approximately 4.0% compared with the same period of last year. The increase is mainly due to the outbreak of the COVID-19.

The gross profit for the provision of food and beverage services business for the Reporting Period was approximately RMB48.0 million (for the year ended 31 December 2019: RMB25.5 million). Gross profit margin was approximately 13.0%, representing a decrease of approximately 0.7% compared with the same period of last year.

The gross profit of provision of financial services business for the Reporting Period was approximately RMB21.3 million (for the year ended 31 December 2019: Nil).

The gross profit for securities investment business for the Reporting Period was approximately RMB12.0 million (for the year ended 31 December 2019: Nil).

The gross profit for financing business for the Reporting Period was approximately RMB13.0 million (for the year ended 31 December 2019: RMB29.0 million).

The Group did not record any gross profit for properties holding business for the Reporting Period (gross profit for the year ended 31 December 2019: RMB0.8 million).

The gross loss for trading of commodities business for the Reporting Period was approximately RMB0.4 million (for the year ended 31 December 2019: RMB21.4 million).

### **Selling and Distribution Expenses**

Selling and distribution expenses primarily consisted of advertising expenses, marketing and promotion expenses, transportation expenses and other expenses. Selling and distribution expenses amounted to approximately RMB88.2 million for the Reporting Period, representing an increase of about 30.7% as compared with approximately RMB67.5 million for the year ended 31 December 2019. The increase was mainly due to increase of the revenue of personal care products business and provision of food and beverage business.

The selling and distribution expenses accounted for approximately 7.5% of the revenue during the Reporting Period (for the year ended 31 December 2019: 8.1%), among which, advertising and promotion expenses, as a percentage of revenue, decreased from approximately 1.8% for the year ended 31 December 2019 to approximately 0.9% for Reporting Period. The transportation expenses and other expenses, as a percentage of revenue, decreased by approximately 0.8% to approximately 2.9% for the Reporting Period as compared with the same period of 2019 (for the year ended 31 December 2019: 3.7%).

### **Administrative Expenses**

Administrative expenses primarily consisted of salaries and wages for administrative staff, depreciation, research and development and other expenses. Administrative expenses of the Group amounted to approximately RMB161.9 million for the Reporting Period (for the year ended 31 December 2019: RMB124.1 million), representing an increase of approximately 30.5% over the same period of last year. The increase was mainly due to (i) increase in research and development expenses; (ii) increase in wages and salaries due to acquisition of Ayasa Globo BVI; and (iii) additional exchange loss due to appreciation of RMB during the Reporting Period.

Administrative expenses accounted for approximately 13.8% of the Group's revenue for the Reporting Period (for the year ended 31 December 2019: 14.9%).

### **Finance Costs**

The Group had finance costs of approximately RMB4.7 million for the Reporting Period (for the year ended 31 December 2019: RMB4.8 million).

### **Acquisition of Subsidiaries**

On 23 January 2020, Bloom Team Development Limited, an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement to acquire the remaining 90% of the issued shares in each of FGFS and FGAM at the consideration of HK\$26.4 million and HK\$1.6 million respectively. Completion of the said acquisition took place on 14 October 2020. Details of the acquisitions are set out in the Company's announcements dated 23 January 2020, 30 July 2020 and 14 October 2020.

On 20 March 2020, Pursuing Future Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser, entered into the acquisition agreement with AG Holding Group Limited as the vendor pursuant to which Pursuing Future Limited agreed to acquire and AG Holding Group Limited agreed to sell 60% of the issued shares in Ayasa Globo BVI at a total consideration of HK\$42.0 million. Ayasa Globo BVI and its subsidiaries are principally engaged in investment holdings, the provision of professional services such as fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, trust and fiduciary services. Completion of the said acquisition took place on 29 April 2020. For details of the said acquisition, please refer to the Company's announcements dated 20 March 2020, 27 March 2020, 17 April 2020 and 29 April 2020.

On 1 March 2019, the Company as purchaser, and Pine Victory Limited ("**Pine Victory**"), a company incorporated in Hong Kong with limited liability, as vendor, entered into a sale and purchase agreement pursuant to which Pine Victory has conditionally agreed to sell and the Company has conditionally agreed to acquire the remaining 80% of the entire issued share capital of Real Power International Group Limited ("**Real Power**").

Real Power was incorporated in the British Virgin Islands (the "**BVI**") with limited liability on 1 November 2018 and is an investment holding company. Real Power is interested in the entire issued share capital of Advance Global Food Limited ("**Advance Global**"), a company incorporated in Hong Kong with limited liability on 9 June 2017, and is primarily engaged in the trading of agriculture products in Hong Kong, i.e. frozen meats. The major products are frozen beef, pork and chicken related products.



Prior to completion of the said acquisition, the Company was interested in 20% of the entire issued share capital of Real Power. The sale and purchase agreement was completed on 29 May 2019. The consideration of the said acquisition was HK\$42.0 million, of which HK\$22.0 million was paid in cash and HK\$20.0 million was settled by the Company allotting and issuing 200,000,000 consideration shares at the issue price of HK\$0.10 each. Following completion, Real Power and its subsidiaries became wholly-owned subsidiaries of the Company. For details of the said acquisition, please refer the announcements dated 1 March 2019, 29 May 2019 and circular dated 30 April 2019 made by the Company.

On 4 June 2019, Powerful Force Limited (“**Powerful Force**”), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company as purchaser, and the independent third parties, as vendors, entered into a sale and purchase agreement.

Pursuant to the sale and purchase agreement, the vendors have agreed to sell and Powerful Force has agreed to acquire the entire issued share capital of China Cold Chain Co. Limited (“**China Cold Chain**”). China Cold Chain is principally engaged in the provision of frozen warehouse services. The said acquisition was completed on 4 June 2019. The consideration of the said acquisition was HK\$0.8 million, which was paid in cash.

### **Disposal of Subsidiaries**

On 27 February 2019, the Company, as borrower, and Frankinton Technology Limited (“**Frankinton Technology**”), as lender, entered into a facility agreement pursuant to which Frankinton Technology has agreed to grant a term loan facility of HK\$100.0 million to the Company.

On 10 July 2019, the Company as vendor, and Frankinton Technology as purchaser entered into a disposal agreement in relation to the disposal of the entire issued share capital in Golden Virtue Investment Holdings Limited (“**Golden Virtue**”) for a total consideration of HK\$125.0 million.

The consideration would be satisfied on the completion date (i) as to an amount equivalent to the outstanding loan to be offset on a dollar-for-dollar basis; and (ii) the balance of the consideration upon the offset to be paid by Frankinton Technology in cash to the Company.

Golden Virtue is a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company. The principal business of Golden Virtue is investment holding. Golden Virtue indirectly hold Frog Prince (China), a properties holding company incorporated in the People’s Republic of China (the “**PRC**”) with limited liability.

The transaction was completed on 14 October 2019. Loan and interest payable of approximately HK\$83.5 million had been offset to the consideration and the balance of HK\$41.5 million was paid by Frankinton Technology in cash to the Company. Golden Virtue and its subsidiaries ceased to be subsidiaries of the Company and their financial result would no longer be consolidated into the Company's consolidated financial statements.

On 23 August 2019, the Company entered into a disposal agreement with Billionaire Asia Limited, an independent third party to dispose of 51% of the issued shares in Marvel Paramount Holdings Limited (“**Marvel**”) for an aggregate cash consideration of HK\$40.0 million. Marvel is a company incorporated in the BVI with limited liability. Marvel owns the entire equity interest in MyBB Media Limited, a company incorporated in Hong Kong with limited liability. Marvel and MyBB Media Limited (the “**Disposal Group**”) is principally engaged in operation of online platform.

The transaction was completed on 8 October 2019. Upon completion, each member of the Disposal Group ceased to be a subsidiary of the Company and the financial results of the Disposal Group would no longer be consolidated into the Company's consolidated financial statements.

On 19 May 2020, Fujian Frog Prince Cosmetic Co., Limited (福建省青蛙王子化妝品有限公司) (“**Frog Prince Cosmetic**”), an indirect wholly-owned subsidiary of the Company, as vendor, and Beijing Huitongda Supply Chain Management Co., Limited (北京匯通達供應鏈管理有限公司) (“**Beijing Huitongda**”), as purchaser, entered into the equity transfer agreement (the “**Equity Transfer Agreement**”), pursuant to which Beijing Huitongda has conditionally agreed to acquire and Frog Prince Cosmetic has conditionally agreed to sell the entire issued share capital of Frog Prince (Fujian) Baby & Child Care Products Co., Limited (青蛙王子(福建)嬰童護理用品有限公司) (“**Frog Prince (Fujian) Baby**”), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company at the total consideration of RMB50.0 million.

As at the date of the Equity Transfer Agreement, Frog Prince (Fujian) Baby holds (i) 30% equity interest in Fujian Herun Supply Chain Management Co., Ltd. (福建和潤供應鏈管理有限公司), a company established in the PRC with limited liability and an associate of the Company; and (ii) the land and the industrial building located at No. 8 Wuqiao Bei Road, Lantian Economic Development Zone, Longwen District, Zhangzhou City, Fujian Province, the PRC.

The principal business of Frog Prince (Fujian) Baby is the design, manufacture and sales of children's personal care products (the “**Personal Care Products**”) mainly in the PRC and the U.S. markets. The said disposal has been lapsed as at 31 December 2020. For details of the said proposed disposal, please refer to the Company's announcement dated 19 May 2020, 28 September 2020 and 24 November 2020.

## **Net Loss and Net Loss Margin**

For the Reporting Period, loss attributable to equity holders of the Company amounted to approximately RMB33.9 million as compared with loss attributable to equity holders of the Company of approximately RMB48.4 million for the year ended 31 December 2019. The net loss margin was approximately 2.9% as compared with the net loss margin of approximately 5.8% for the year ended 31 December 2019, with basic loss per share of approximately RMB1.9 cents (basic loss per share for the year ended 31 December 2019: RMB3.0 cents).

## **Capital Expenditure**

For the Reporting Period, the Group's material capital expenditure amounted to approximately RMB45.9 million (for the year ended 31 December 2019: RMB21.7 million), which was mainly used for renovation of our plants, consolidation work of our plants, offices and consolidation work of plants and warehouse and acquisition of new equipment.

## **Financial Resources and Liquidity**

As at 31 December 2020, cash and bank balances of the Group amounted to approximately RMB359.2 million (31 December 2019: RMB414.1 million). The current ratio was 1.6 (31 December 2019: 2.8). Our liquidity remained healthy. The uses of balance of cash and bank balances were mainly as follows: firstly, developing the provision of food and beverage services business; secondly, developing the financing business, including but not limited to participation of financial leasing business in the PRC and developing lending business in oversea markets; and thirdly, pursuing of the potential acquisition and other investment.

## **Fundraising Activities of the Group**

On 18 June 2019, the Company entered into the placing agreement with Merdeka Capital Limited (“**Merdeka Capital**”) pursuant to which Merdeka Capital has conditionally agreed, as agent of the Company, to procure on a best effort basis to not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 220,000,000 placing shares at the placing price of HK\$0.136 per placing share. Completion of the said placing took place on 15 July 2019 and 220,000,000 placing shares were placed to not less than six placees at the placing price of HK\$0.136 per placing share.

The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the said placing, amounted to approximately HK\$29.3 million, which was fully utilised for the purchase of inventories, namely frozen pork, beef and chicken related products, in connection with the Group's food and beverage services business and the balance to be utilised as intended. Details of the said placing are set out in the Company's announcements dated 18 June 2019 and 15 July 2019.

### **Loan and Interest Receivables**

As at 31 December 2020, the Group's loan and interest receivables were approximately RMB34.0 million (31 December 2019: RMB79.9 million). During the period, the Group had provided loans of approximately RMB52.7 million (31 December 2019: RMB64.5 million), with an average annual interest rate of approximately 15.2% (31 December 2019: 21.2%).

A reversal of impairment loss on loan and interest receivables of approximately RMB2.6 million was made during the Reporting Period (provision for impairment loss for 31 December 2019: RMB4.6 million).

The loan and interest receivables of approximately RMB7.4 million was written off during the Reporting Period (31 December 2019: RMB12.6 million).

### **Finance Lease Receivables**

As at 31 December 2020, the Group's finance lease receivables were approximately RMB35.0 million (31 December 2019: Nil). During the period, the Group had provided finance lease to the customers of approximately RMB43.2 million (31 December 2019: Nil), with an average interest rate of approximately 39.9% (31 December 2019: Nil).

### **Factoring Receivables**

As at 31 December 2020, the Group's factoring receivables were approximately RMB3.2 million (31 December 2019: Nil). During the period, the Group had provided factoring to the customers of approximately RMB3.2 million (31 December 2019: Nil) with an average interest rate of approximately 21.7% (31 December 2019: Nil).

### **Trade Receivables**

As at 31 December 2020, the Group's trade receivables were approximately RMB283.7 million (31 December 2019: RMB97.7 million). The Group usually grants a credit period of 30 to 180 days to our customers.

## **Trade and Bills Payables**

As at 31 December 2020, trade and bills payables were approximately RMB356.8 million (31 December 2019: RMB104.3 million). The Group settled its payables within 30 to 180 days in general and kept good payment records.

## **Inventories**

As at 31 December 2020, inventories of the Group were approximately RMB48.3 million (31 December 2019: RMB40.8 million). As at 31 December 2020, the inventory balance increased by approximately 18.2% over 31 December 2019.

## **Gearing Ratio**

As at 31 December 2020, the current assets and total assets of the Group were approximately RMB1,059.6 million and RMB1,429.9 million respectively, the current liabilities and total liabilities of the Group were approximately RMB677.5 million and RMB706.6 million respectively. The gearing ratio (total liabilities/total assets) of the Group was approximately 49.4% (31 December 2019: 28.0%).

## **Bank and Other Borrowings**

As at 31 December 2020,

- (i) the Group had bank borrowings of approximately RMB50.0 million (31 December 2019: Nil) and facilities were provided to the Group with from banks in PRC with a guarantee from suppliers in the PRC;
- (ii) the Group had other secured borrowings of approximately RMB108.1 million (31 December 2019: RMB87.0 million); and
- (iii) the Group did not have other unsecured borrowings (31 December 2019: RMB10.0 million).

## **Pledge of Assets**

As at 31 December 2020,

- (i) the Group had pledged deposits of approximately RMB38.1 million (31 December 2019: RMB16.9 million) for short-term bank borrowings and bills payables;

- (ii) investment properties of approximately RMB71.6 million (31 December 2019: RMB80.5 million) was pledged for other borrowings; and
- (iii) certain shares of subsidiaries have been pledged for other borrowings (31 December 2019: certain shares of subsidiaries have been pledged for other borrowings).

### **Capital Structure**

The major objective of the Group's capital management is to ensure the ability of sustainable operations and maintain a healthy capital ratio in order to support its businesses and maximise the interests of the shareholders (the "Shareholders") of the Company. The Group continued to emphasise the appropriate mix of equity and debt to ensure an efficient capital structure in order to reduce capital cost.

### **Risk of Foreign Exchange**

The Group has no significant exposure to foreign currency risk because most of the Group's transactions are denominated in RMB. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### **Contingent Liabilities**

As at 31 December 2020 and 31 December 2019, the Group had no material contingent liabilities.

### **OUTLOOK**

The Group will continue to strengthen, develop and diversify its business portfolio in a sustainable manner. In light of the outbreak of the COVID-19 pandemic, slowdown of the economy in the PRC, the intensified conflicts in the international trade and volatility in the stock markets, the Group will continue to adopt a prudent approach for the development of its businesses.

Following the completion of the acquisition of food and beverage services business, the Group had recorded steady growth in the financial performance of this business segment. Despite the outbreak of the coronavirus pandemic since early 2020, the Directors consider that the prospect of the food and beverage service industry in Hong Kong to remain promising in the medium to long term. The Group also has a strong customer network, which mainly comprises of reputable branded chain-stores, hotel restaurants and supermarkets in Hong Kong. The Group is also seeking further investment opportunity of the provision of food and beverage services, including but not limited to purchase its own inventory storage if suitable opportunity arises and may further seek to form cooperation with reliable logistic specialist in order to lower inventory and transportation costs.

The Group is actively developing its provision of frozen warehouse services which forms part of the food and beverage services business. The Group, as tenant, had entered into the tenancy agreement with ATL Logistics Centre Hong Kong Limited, in relation to the lease of certain portion of a multi-storey container freight station located at Kwai Chung. The Group has developed its own frozen warehouse at the said premise and started operating at February 2020.

The Group is currently exploring potential opportunities to expand its financing business through participation of financial leasing business in the PRC. The Group is also seeking an opportunity to developing the financing business, including but not limited to developing financing business in the oversea markets.

The Group's provision of finance lease business and factoring business has commenced in June and July 2020.

Taking into account the economic uncertainty due to the COVID-19 pandemic, the volatile global economy and weak demand from customers, the Company anticipates that the operating environment for the Group's trading of commodities business will remain challenging. Hence, the Group will continue to adopt stringent cost control measures for this business segment.

The Group currently holds lands and properties located in Yuen Long, Hong Kong and an industrial property located at Cheung Sha Wan, Hong Kong. The Group is optimistic about the development of property market in Hong Kong due to the shortage in supply of land and therefore, has been identifying the potential property investment and development opportunities in Hong Kong. The Company plans to demolish the properties erected on the parcels of lands in Yuen Long, Hong Kong held by the Group and to redevelop such parcels of land. Relevant applications have been made to the Hong Kong Government in relation to the redevelopment of the said parcels of lands. To the best knowledge, information and belief of the Directors, there is no legal impediment in obtaining the relevant approval from the Hong Kong Government.

The Company had received reply letters from Hong Kong Lands Department requesting for additional information relating to the rebuilding application of Yuen Long properties. The Company is currently in the process of addressing the said reply letters. The Group is also seeking an opportunity to development its property holding business, including but not limited to Hong Kong, PRC or other oversea markets.

As part of its current strategic plans, the Group has been exploring opportunities to diversify its existing businesses into the financial services industry taking into account that: (a) the prospect of Hong Kong's financial services industry remains promising in light of Hong Kong's unique advantage of having close links with Mainland China and Hong Kong's role as the global hub for offshore RMB business; and (b) the Group's manufacture and sale of personal care products business had continuing recorded losses. The expansion of other existing businesses of the Group and the diversification into the financial services industry will enable the Group to enhance its overall financial performance in the future.

On 23 January 2020, the Group had entered into an acquisition agreement to acquire the remaining 90% of the issued shares in each of FGFS and FGAM. Completion of said acquisition took place on 14 October 2020. The Board considers that the said acquisition would enable the Group to diversify its existing business. Upon completion, the Group would be able to attain the relevant SFC licenses to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO in Hong Kong, which could create a synergy effect and complement the growth of the Group existing money lending and investment in securities businesses. The Group is expected to take advantage of the future growth in capital markets and to broaden the Group's revenue base.

On 20 March 2020, the Group had entered into the sale and purchase agreement to acquire 60% of the issued shares in Ayasa Globo BVI, a company incorporated in the BVI with limited liability and principally engaged in investment holding. Ayasa Globo BVI holds the entire issued shares in Ayasa Globo Financial Services Limited ("**Ayasa Globo**") which is principally engaged in the provision of professional services such as fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, trust and fiduciary services. Completion of the acquisition of 60% equity interest in the Ayasa Globo BVI took place on 29 April 2020.



The Board considers that the acquisition would enable the Group to diversify its existing businesses into the financial services industry as well as broaden the Group's revenue base and enhance the Group's financial performance.

The Group will consider expanding its existing businesses and to diversify into other new businesses in order to improve the profitability of the Group and to enhance the interests of the Shareholders more effectively. The Group will consider from time to time of other investment opportunities. The Company will make an announcement according to the requirements of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as and when appropriate.

## **EMPLOYEES AND REMUNERATION**

As at 31 December 2020, the Group employed 1,013 employees (as at 31 December 2019: 861 employees).

In addition to basic salaries, year-end bonuses may be rewarded by the Group to those staff members with outstanding performance.

The Group operates the Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the Group is required to make contributions to the scheme at 5% of the employee's relevant income subject to a cap of monthly relevant income of HK\$30,000 per employee.

Constituent companies of the Group established in the PRC are also subject to social insurance contribution plans required by the PRC government. In accordance with the relevant national and local labour and social welfare laws and regulations, constituent companies of the Group established in the PRC are required to pay on behalf of their employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and other relevant insurance.

In addition, a share option scheme was adopted by the Company in June 2011 and the limit of the share option scheme was refreshed in June 2019 to reward staff members who make contributions to the success of the Group. The Directors believe that the compensation packages offered by the Group to its staff members are competitive in comparison with market standards and practices.

## **FINAL DIVIDEND**

The Board has resolved not to declare any dividend in respect of the year ended 31 December 2020 (year ended 31 December 2019: Nil).

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) has reviewed the Group’s audited financial results for the year ended 31 December 2020 and discussed with the management and the auditor of the Company, CCTH CPA Limited, on the accounting principles and practices, financial reporting process, internal control adopted by the Group, with no disagreement by the Audit Committee.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained a sufficient public float of the issued Shares (i.e. at least 25% of the issued Shares in the public hands) as required under the Listing Rules.

## **CORPORATE GOVERNANCE**

The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the year ended 31 December 2020.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. In response to the specific enquiries made by the Company, all Directors have confirmed that they have fully complied with the Model Code throughout the period during the Reporting Period. No incident of non-compliance in this regard was noted by the Company for the Reporting Period.

## EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The following events took place subsequent to the end of the Reporting Period.

- (a) On 22 January 2021, the Board announced that 159,000,000 share options (the “**Share Options**”) to subscribe for the ordinary shares of HK\$0.01 each in the share capital of the Company were granted by the Company to certain Directors, employees and consultants of the Group, subject to acceptance of the Grantees, under the share option scheme adopted by the Company on 22 June 2011.

Out of the total 159,000,000 Share Options, 72,000,000 Share Options were granted to the Directors of the Company namely, Mr. Tsai Wallen, executive Director and chairman, Mr. Lau Ka Ho, executive Director and chief executive officer, Mr. Chan Hoi Tik, executive Director and chief financial officer and Mr. Fok King Man Ronald, executive Director and chief investment officer. Each of them was granted 18,000,000 Share Option.

The remaining 87,000,000 Share Options were granted to other eligible persons. Out of the 87,000,000 Share Options, (i) a total of 48,000,000 Share Options were granted to three employees of the Group; and (ii) a total of 39,000,000 Share Options were granted to three consultants of the Group.

Each Share Option shall entitle the holder of the Share Option to subscribe for one Share upon exercise of such Share Option at an exercise price of HK\$0.084 per Share, which represents the highest of: (1) the nominal value of a Share; (2) the closing price of HK\$0.084 per Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; and (3) the average closing price of HK\$0.0834 per Share as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

- (b) On 23 February 2021, due to commercial reasons, the Company and consultants have mutually agreed to fully settle the relevant fees under the consultancy agreements by way of cash in place of the relevant Share Options. Pursuant to the terms of the share option scheme, the consultants have made a written request to the board for the relevant Share Options to be cancelled and accordingly, the board has given a written notice to the consultants for the relevant Share Options to be cancelled with effect from the 24 February 2021.

## **SCOPE OF WORK OF CCTH CPA LIMITED**

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCTH 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 CCTH CPA Limited on this announcement.

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

This annual results announcement is published on the websites of the Company ([www.pfh.hk](http://www.pfh.hk)) and the Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The Company's annual report for the year ended 31 December 2020, containing all the information required by the Listing Rules, will be dispatched to the Shareholders and available on the above websites in due course.

By order of the Board  
**Prosperous Future Holdings Limited**  
**Tsai Wallen**  
*Chairman and Executive Director*

Hong Kong, 29 March 2021

*As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Tsai Wallen, Mr. Lau Ka Ho, Mr. Chan Hoi Tik and Mr. Fok King Man Ronald; (ii) two non-executive Directors, namely Mr. Li Zhouxin and Mr. Sze Wine Him Jaime; and (iii) three independent non-executive Directors, namely Ms. Chan Sze Man, Mr. Ma Kwun Yung Stephen and Ms. Bu Yanan.*