

# 未來發展控股有限公司

## Prosperous Future Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1259



# 2020

## Interim Report

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# Corporate Information

## BOARD OF DIRECTORS

### *Executive Directors*

Mr. Tsai Wallen (*Chairman*)  
 Mr. Lau Ka Ho (*Chief Executive Officer*)  
 Mr. Chan Hoi Tik (*Chief Financial Officer*)

### *Non-executive Directors*

Mr. Li Zhouxin  
 Mr. Sze Wine Him Jaime (appointed on 3 August 2020)

### *Independent Non-executive Directors*

Ms. Chan Sze Man  
 Mr. Ma Kwun Yung Stephen  
 Ms. Bu Yanan

## BOARD COMMITTEES

### Audit Committee

Ms. Chan Sze Man (*Chairman*)  
 Mr. Ma Kwun Yung Stephen  
 Ms. Bu Yanan

### Nomination Committee

Ms. Chan Sze Man (*Chairman*)  
 Ms. Bu Yanan  
 Mr. Lau Ka Ho

### Remuneration Committee

Mr. Ma Kwun Yung Stephen (*Chairman*)  
 Mr. Lau Ka Ho  
 Ms. Chan Sze Man

### Executive Committee

Mr. Tsai Wallen (*Chairman*)  
 Mr. Lau Ka Ho  
 Mr. Chan Hoi Tik

## COMPANY SECRETARY

Mr. Chan Hoi Tik

## AUDITOR

CCTH CPA Limited

## PRINCIPAL BANKERS

Agricultural Bank of China Limited – Zhangzhou Branch  
 Bank of Communications (Hong Kong) Limited

## STOCK CODE

1259

## COMPANY WEBSITE

www.pfh.hk

## REGISTERED OFFICE

Cricket Square  
 Hutchins Drive  
 P.O. Box 2681  
 Grand Cayman KY1-1111  
 Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

No. 8, North Wujiao Road  
 Lantian Economic Development Zone  
 Zhangzhou City, Fujian Province  
 The People's Republic of China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2005-2006, Kinwick Centre,  
 32 Hollywood Road, Central,  
 Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited  
 Royal Bank House – 3rd Floor  
 24 Shedden Road, P.O. Box 1586  
 Grand Cayman, KY-1110  
 Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited  
 Suites 3301-04, 33/F.,  
 Two Chinachem Exchange Square,  
 338 King's Road,  
 North Point, Hong Kong

# 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, money lending, trading of commodities, investment in securities, properties holding, investment holding, provision of food and beverage services, provision of finance lease business and 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.

## BUSINESS REVIEW

Continuing operations:

### *Personal Care Products*

During the six months ended 30 June 2020 (the “Reporting Period”), the Group’s business segment of personal care products contributed a total revenue of approximately RMB242.4 million, representing an increase of about 47.2% over the same period of last year (30 June 2019: RMB164.6 million). The personal care products business recorded a loss of approximately RMB0.8 million during the Reporting Period as compared with loss of approximately RMB38.7 million for the period ended 30 June 2019.

### *Money Lending Business*

During the Reporting Period, the Group’s business segment of money lending contributed a total revenue of approximately RMB7.1 million, representing a decrease of about 60.3% over the same period of last year (30 June 2019: RMB18.0 million) and recorded a segment profit of approximately RMB7.7 million during the Reporting Period, representing increase of about 425.2% over the same period of last year (30 June 2019: RMB1.5 million).

As at 30 June 2020, the Group has outstanding (i) unsecured loan of approximately RMB23.2 million with average effective interest rate of approximately 21.9% per annum with terms ranging from 12 months to 120 months; and (ii) mortgage loan of approximately RMB24.0 million with average effective interest rate of approximately 15.5% per annum with terms ranging from 1 month to 180 months. The mortgage loans granted by the Group were typically secured by mortgages, charge on shares or charge on 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.

### *Trading of Commodities*

During the Reporting Period, the Group’s business segment of trading of commodities contributed a total revenue of approximately RMB6.5 million to the Group, representing a decrease of about 90.9% over the same period of last year (30 June 2019: RMB71.3 million).

During the Reporting Period, the Group’s trading of commodities business recorded a loss of approximately RMB1.0 million (30 June 2019: RMB24.6 million).

## Management Discussion and Analysis (continued)

### Securities investment

During the Reporting Period, the Group's business segment of investment contributed a total revenue of approximately RMB1.4 million to the Group (30 June 2019: Nil).

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

As at 30 June 2020, the Group had a portfolio of securities investment of approximately RMB8.4 million, all of which were equity securities listed in Hong Kong, unlisted investment fund of approximately RMB23.6 million, equity-link investments of approximately RMB26.1 million, bond investment of approximately RMB3.7 million and wealth management products of approximately RMB9.2 million.

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

| Name of the investments                        | % to the total assets of the Group |                      | Movement for the period         |           |                      |                      |                               | % to the total assets of the Group |                    | Realised gain/(loss) on investments |
|--|------------------------------------|----------------------|---------------------------------|-----------|----------------------|----------------------|-------------------------------|------------------------------------|--------------------|-------------------------------------|
|  | in the respective investments      |                      | Fair value as at 1 January 2020 | Disposals | Change on fair value | Exchange realignment | Fair value as at 30 June 2020 | in the respective investments      |                    |                                     |
|  | as at 1 January 2020               | as at 1 January 2020 |                                 |           |                      |                      |                               | as at 30 June 2020                 | as at 30 June 2020 |                                     |
|  | %                                  | %                    | RMB'000                         | RMB'000   | RMB'000              | RMB'000              | RMB'000                       | %                                  | %                  | RMB'000                             |
| <b>Listed securities in Hong Kong</b>          |                                    |                      |                                 |           |                      |                      |                               |                                    |                    |                                     |
| International Entertainment Corporation (1009) | 0.62                               | 0.92                 | 6,777                           | -         | 1,091                | 134                  | 8,002                         | 0.65                               | 0.92               | -                                   |
| Gain Plus Holdings Limited (9900)              | 0.05                               | 0.34                 | 576                             | -         | (185)                | 11                   | 402                           | 0.03                               | 0.34               | -                                   |
|  |                                    |                      | 7,353                           | -         | 906                  | 145                  | 8,404                         |                                    |                    | -                                   |
| <b>Unlisted fund</b>                           |                                    |                      |                                 |           |                      |                      |                               |                                    |                    |                                     |
| Head and shoulders Global investment Fund SFC  | 2.30                               | N/A                  | 25,211                          | -         | (2,120)              | 502                  | 23,593                        | 1.90                               | N/A                | N/A                                 |
| Total  |                                    |                      | 32,564                          | -         | (1,214)              | 647                  | 31,997                        |                                    |                    | -                                   |

The securities investment business recorded a segment profit of approximately RMB1.2 million (30 June 2019: segment loss of approximately RMB59,000).

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 international trade and volatility in the stock markets and will strive to maintain and grow its portfolio value in future.

## Management Discussion and Analysis (continued)

### *Properties Holding*

During the Reporting Period, the Group did not record any revenue from the business segment of properties holding business (30 June 2019: RMB0.2 million).

The properties holding business recorded a segment loss of approximately RMB10.1 million (30 June 2019: RMB0.3 million).

### *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 RMB171.0 million to the Group (30 June 2019: RMB25.0 million).

The provision of food and beverage services business recorded a segment profit of approximately RMB4.3 million during the Reporting Period (30 June 2019: segment loss of approximately RMB0.5 million).

### *Finance lease*

The Group's provision of finance lease business has commenced since June 2020.

During the Reporting Period, the Group's business segment of provision of finance lease business contributed a total revenue of approximately RMB14,000 to the Group (30 June 2019: Nil).

The provision of finance lease business recorded a segment loss of approximately RMB0.9 million (30 June 2019: Nil).

### *Provision of professional services*

The Group's provision of professional services business has recorded steady growth since its acquisition of Ayasa Globo Financial Services (BVI) Limited ("**Ayasa Globo BVI**") in April 2020.

During the Reporting Period, the Group's business segment of provision of professional services business contributed a total revenue of approximately RMB7.6 million to the Group (30 June 2019: Nil).

The provision of professional services business recorded a segment profit of approximately RMB3.7 million during the Reporting Period (30 June 2019: Nil).

### **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 RMB5.2 million to the Group and recorded a profit of approximately RMB2.2 million for the period ended 30 June 2019.

## Management Discussion and Analysis (continued)

### FINANCIAL REVIEW

#### Revenue

During the Reporting Period, the revenue of the Group's continuing operations was approximately RMB436.0 million, representing an increase of about 56.2% over the same period of last year (for the period ended 30 June 2019: RMB279.2 million).

During the Reporting Period, no revenue was recorded of the Group's discontinued operations (for the period ended 30 June 2019: RMB5.2 million).

#### Gross Profit and Gross Profit Margin

Gross profit of the Group's continuing operations for the Reporting Period was approximately RMB111.1 million, representing an increase of about 493.0% as compared with RMB18.7 million for the period ended 30 June 2019.

During the Reporting Period, the gross profit margin of continuing operations increased by around 18.8% over the same period of last year to about 25.5% (for the period ended 30 June 2019: 6.7%). 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 decrease in the gross loss for trading of commodities business.

The total gross profit for personal care products business was about RMB75.4 million for the Reporting Period, representing an increase of about 257.2% as compared with about RMB21.1 million for the period ended 30 June 2019. Gross profit margin increased to about 31.1%, representing an increase of about 18.3% compared with the same period of last year.

The gross profit for money lending business for the Reporting Period was about RMB7.1 million (for the period ended 30 June 2019: RMB18.0 million).

The gross loss for trading of commodities business for the Reporting Period was about RMB0.6 million (for the period ended 30 June 2019: RMB23.9 million).

The gross profit for securities investment business for the Reporting Period was about RMB1.4 million (for the period ended 30 June 2019: Nil).

The Group did not record any gross profit for properties holding business for the Reporting Period (gross profit for the period ended 30 June 2019: RMB0.2 million).

The gross profit for the provision of food and beverage services business for the Reporting Period was about RMB21.7 million (for the period ended 30 June 2019: RMB3.3 million). Gross profit margin was about 12.7%, representing a decrease of about 0.8% compared with the same period of last year.

The gross profit of provision of finance lease business for the Reporting Period was about RMB14,000 (for the period ended 30 June 2019: Nil).

## Management Discussion and Analysis (continued)

The gross profit of provision of professional services business for the Reporting Period was about RMB6.1 million (for the period ended 30 June 2019: Nil).

During the Reporting Period, no gross profit was recorded of the Group's discontinued operations (gross profit for the period ended 30 June 2019: RMB5.2 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 RMB60.6 million for the Reporting Period, representing an increase of about 140.2% as compared with about RMB25.2 million for the period ended 30 June 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 about 13.9% of the revenue during the Reporting Period (for the period ended 30 June 2019: 9.0%), among which, advertising and promotion expenses, as a percentage of revenue, decreased from 4.6% for the period ended 30 June 2019 to about 2.8% for Reporting Period. The transportation expenses and other expenses, as a percentage of revenue, increased about 6.7% to about 11.1% for the Reporting Period as compared with the same period of 2019 (for the period ended 30 June 2019: 4.4%).

### 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 RMB49.4 million for the Reporting Period (for the period ended 30 June 2019: RMB57.0 million), representing a decrease of about 13.4% over the same period of last year. The decrease was mainly due to decrease in depreciation expenses caused by the disposal of 青蛙王子(中國)日化有限公司("Frog Prince (China)").

Administrative expenses accounted for about 11.3% of the Group's revenue for the Reporting Period (for the period ended 30 June 2019: 20.4%).

### Finance Costs

The Group had finance costs of approximately RMB1.8 million for the Reporting Period (for the period ended 30 June 2019: RMB3.1 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 Goldenway Investments (HK) Limited ("GWIHK") and Goldenway Asset Management Limited ("GWAM") at the consideration of HK\$26,418,000 and HK\$1,550,000 respectively. The acquisition has not been completed up to the date of this interim report. Details of the acquisition are set out in the Company's announcements dated 23 January 2020 and 30 July 2020.



## Management Discussion and Analysis (continued)

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 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 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\$42,000,000, of which HK\$22,000,000 was paid in cash and HK\$20,000,000 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\$800,000, 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 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 million.

## Management Discussion and Analysis (continued)

The consideration would be satisfied on the completion date as (i) an amount equivalent to the outstanding loan to be offset on a dollar-for-dollar basis; and (ii) the balance 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\$40,000,000. 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 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 which the target company has the right to occupy, use, dispose of and benefit.

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 for the PRC and the U.S. markets. The said disposal has not been completed up to the date of this interim report.

## Management Discussion and Analysis (continued)

### Net Loss and Net Loss Margin

For the Reporting Period, loss attributable to equity holders of the Company amounted to approximately RMB0.6 million as compared with loss attributable to equity holders of the Company of approximately RMB75.3 million for the period ended 30 June 2019. The net loss margin was about 0.1% as compared with about 26.5% of net loss margin for the period ended 30 June 2019, with basic loss per share of approximately RMB0.04 cents (basic loss per share for the period ended 30 June 2019: RMB5.29 cents).

### Capital Expenditure

For the Reporting Period, the Group's material capital expenditure amounted to approximately RMB9.3 million (31 December 2019: RMB21.7 million), 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 30 June 2020, cash and cash equivalents of the Group amounted to approximately RMB477.1 million (31 December 2019: RMB414.1 million). The current ratio was 2.1 (31 December 2019: 2.8). Our liquidity remained healthy. The uses of balance of cash and cash equivalents were mainly as follows: firstly, developing the provision of food and beverage services business. Secondly, developing the money lending business, including but not limited to participation of financial leasing business in the PRC and developing lending business in oversea markets. 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 places 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 places 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 as 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.

## Management Discussion and Analysis (continued)

### Loan and Interest Receivables

As at 30 June 2020, the Group's loan and interest receivables were approximately RMB47.6 million (31 December 2019: RMB79.9 million). During the period, the Group had provided loans of approximately RMB22.0 million (31 December 2019: RMB64.5 million), with an average annual interest rate of approximately 16.3% (31 December 2019: 21.2%).

A reversal of impairment loss on loan and interest receivables of approximately RMB8.2 million was made during the Reporting Period (provision for impairment loss for 30 June 2019: RMB5.0 million).

Written off of the loan and interest receivables was approximately RMB6.5 million was made during the Reporting Period (30 June 2019: Nil).

### Trade and Bills Receivables

As at 30 June 2020, the Group's trade and bills receivables were approximately RMB87.9 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 30 June 2020, trade and bills payables were approximately RMB98.9 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 30 June 2020, inventories of the Group were approximately RMB43.9 million (31 December 2019: RMB40.8 million). As at 30 June 2020, the inventory balance increased by about 7.6% over 31 December 2019.

### Gearing Ratio

As at 30 June 2020, the current assets and total assets of the Group were approximately RMB876.3 million and RMB1,240.0 million respectively, the current liabilities and total liabilities of the Group were approximately RMB416.1 million and RMB446.2 million respectively. The gearing ratio (total liabilities/total assets) of the Group was approximately 36.0% (31 December 2019: 28.0%).

### Bank and Other Borrowings

As at 30 June 2020,

- (i) the Group had bank borrowing of approximately RMB50.0 million (31 December 2019: Nil). 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 RMB112.9 million (31 December 2019: RMB87.0 million); and
- (iii) the Group had other unsecured borrowings of approximately RMB10.0 million (31 December 2019: RMB10.0 million).

## Management Discussion and Analysis (continued)

### Pledge of Assets

As at 30 June 2020,

- (i) the Group had pledged deposits of RMB4.6 million (31 December 2019: RMB16.9 million) for short-term bank borrowings and bills payable;
- (ii) investment property of RMB77.5 million (31 December 2019: RMB80.5 million) was pledged for other borrowings; and
- (iii) certain shares of subsidiaries have been pledged for other borrowing (31 December 2019: certain shares of subsidiaries have been pledged for other borrowing).

### 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 30 June 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 coronavirus pandemic, slowdown of the economy in the PRC, the intensified conflicts in international trade and volatility in the stock markets, the Group will continue to adopt a prudent approach for the development of its businesses, including money lending business, trading of commodities, securities investment, properties holding, investment holding, provision of food and beverage services, provision of finance lease business and 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.

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.

## Management Discussion and Analysis (continued)

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-storeyed 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 money lending business through participation of financial leasing business in the PRC. The Group is also seeking an opportunity to developing the money lending business, including but not limited to developing lending 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 coronavirus 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 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.

The Group had acquired 10% of the issued shares in each of GWIHK and GWAM. On 23 January 2020, the Group had entered into an acquisition agreement to acquire the remaining 90% of the issued shares in each of GWIHK and GWAM (the "Acquisition"). The Acquisition has not taken place up to the date of the approval of these consolidated financial statements.

The Board considers that the 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.

## Management Discussion and Analysis (continued)

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 has taken 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 to expand 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 other investment opportunities. The Company will make an announcement according to the requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as and when appropriate.

### EMPLOYEES AND REMUNERATION

As at 30 June 2020, the Group employed 896 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 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.

### DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

# Unaudited Condensed Consolidated Interim Financial Statements

The board of directors (the "Board") of Prosperous Future Holdings Limited (the "Company") hereby presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2020 together with the unaudited comparative figures for the corresponding period in 2019 and audited comparative figures at 31 December 2019, and the relevant explanatory notes as set out below. The condensed consolidated results are unaudited, but have been reviewed by the audit committee of the Company.

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

|   | Notes | Six months ended 30 June       |  |
|---|-------|--------------------------------|--|
|   |       | 2020<br>RMB'000<br>(unaudited) | 2019<br>RMB'000<br>(unaudited and<br>restated) |
| <b>Continuing operations</b>  |       |                                |  |
| Revenue   | 4     | 436,015                        | 279,197  |
| Cost of sales   |       | (324,910)                      | (260,460)                                      |
| Gross profit  |       | 111,105                        | 18,737   |
| Other income and gains  | 5     | 19,187                         | 5,987  |
| Selling and distribution expenses   |       | (60,568)                       | (25,220)                                       |
| Administrative expenses   |       | (49,380)                       | (57,042)                                       |
| Other expenses  | 6     | (18,763)                       | (14,232)                                       |
| Finance costs   | 7     | (1,827)                        | (3,131)  |
| Share of loss of associates   |       | (435)                          | (81)   |
| Share of profit of a joint venture  |       | 70                             | 199  |
| <b>Loss before tax</b>  | 8     | (611)                          | (74,783)                                       |
| Income tax expense  | 9     | (2,086)                        | (6)  |
| <b>Loss for the period from continuing operations</b>                         |       | (2,697)                        | (74,789)                                       |
| <b>Discontinued operations</b>  |       |                                |  |
| Profit for the period from discontinued operations                            | 12    | –                              | 1,349  |
| <b>Loss for the period</b>  |       | (2,697)                        | (73,440)                                       |
| Loss for the period attributable to the equity holders of the Company from:   |       |                                |  |
| – Continuing operations   |       | (645)                          | (74,789)                                       |
| – Discontinued operations   |       | –                              | (548)  |
| <b>Loss for the period attributable to the equity holders of the Company</b>  |       | (645)                          | (75,337)                                       |
| (Loss)/profit for the period attributable to non-controlling interests from:  |       |                                |  |
| – Continuing operations   |       | (2,052)                        | –  |
| – Discontinued operations   |       | –                              | 1,897  |
| <b>(Loss)/profit for the period attributable to non-controlling interests</b> |       | (2,052)                        | 1,897  |
| <b>Loss for the period</b>  |       | (2,697)                        | (73,440)                                       |



## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the six months ended 30 June 2020

|   | Notes | Six months ended 30 June       |  |
|---|-------|--------------------------------|--|
|   |       | 2020<br>RMB'000<br>(unaudited) | 2019<br>RMB'000<br>(unaudited and<br>restated) |
| Loss for the period   |       | <b>(2,697)</b>                 | (73,440)                                       |
| Other comprehensive income/(expense) for the period 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>6,926</b>                   | 585  |
| Reclassification adjustment relating to foreign operations disposed of  |       | <b>65</b>                      | –  |
| Items that may 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, net of tax |       | <b>(567)</b>                   | (51,205)                                       |
| Other comprehensive income/(expense) for the period arising from continuing operations                        |       | <b>6,424</b>                   | (50,620)                                       |
| Other comprehensive income for the period arising from discontinued operations:                               |       |                                |  |
| Items that may be reclassified to profit or loss in subsequent periods:                                       |       |                                |  |
| Exchange differences on translation of operations outside Mainland China                                      |       | –                              | 245  |
| Other comprehensive income for the period arising from discontinued operations                                |       | –                              | 245  |
| Total comprehensive income/(expense) for the period   |       | <b>3,727</b>                   | (123,815)                                      |

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the six months ended 30 June 2020

|   | Notes | 2020<br>RMB'000<br>(unaudited) | 2019<br>RMB'000<br>(unaudited<br>and restated) |
|---|-------|--------------------------------|--|
| Total comprehensive income/(expense) for the period   |       | <b>3,727</b>                   | (123,815)                                      |
| Total comprehensive income/(expense) for the period attributable to equity holders of the Company from: |       |                                |  |
| – Continuing operations   |       | <b>4,830</b>                   | (125,438)                                      |
| – Discontinued operations   |       | –                              | (423)  |
| Total comprehensive income/(expense) for the period attributable to equity holders of the Company       |       | <b>4,830</b>                   | (125,861)                                      |
| Total comprehensive (expense)/income for the period attributable to non-controlling interests from:     |       |                                |  |
| – Continuing operations   |       | <b>(1,103)</b>                 | 29   |
| – Discontinued operations   |       | –                              | 2,017  |
| Total comprehensive (expense)/income for the period attributable to non-controlling interests           |       | <b>(1,103)</b>                 | 2,046  |
| Total comprehensive income/(expense) for the period   |       | <b>3,727</b>                   | (123,815)                                      |
|   |       | <b>2020<br/>RMB cents</b>      | 2019<br>RMB cents<br>(restated)                |
| Loss per share from continuing and discontinued operations  | 11    |                                |  |
| Basic   |       | <b>(0.04)</b>                  | (5.29)   |
| Diluted   |       | <b>N/A</b>                     | N/A  |
| Loss per share from continuing operations   | 11    |                                |  |
| Basic   |       | <b>(0.04)</b>                  | (5.25)   |
| Diluted   |       | <b>N/A</b>                     | N/A  |

# Condensed Consolidated Statement of Financial Position

As at 30 June 2020

|  | Notes | 30 June<br>2020<br>RMB'000<br>(unaudited) | 31 December<br>2019<br>RMB'000<br>(audited) |
|--|-------|---|---|
| <b>NON-CURRENT ASSETS</b>  |       |   |   |
| Property, plant and equipment  | 13    | 84,643                                    | 85,729                                      |
| Right-of-use assets  |       | 26,827                                    | 27,639                                      |
| Investment properties  |       | 77,486                                    | 80,460                                      |
| Properties for development   |       | 95,718                                    | 99,234                                      |
| Goodwill   | 14    | 37,174                                    | –   |
| Interests in associates  |       | 2,617                                     | 2,927                                       |
| Interests in a joint venture   |       | –   | –   |
| Financial assets at fair value through<br>other comprehensive income | 15    | 31,997                                    | 32,564                                      |
| Deferred tax assets  |       | 1,463                                     | 2,677                                       |
| Loan and interest receivables  | 16    | 4,248                                     | 6,776                                       |
| Prepayments and deposits   |       | 1,529                                     | 1,499                                       |
|  |       | <b>363,702</b>                            | 339,505                                     |
| <b>CURRENT ASSETS</b>  |       |   |   |
| Inventories  |       | 43,940                                    | 40,820                                      |
| Loan and interest receivables  | 16    | 43,325                                    | 73,126                                      |
| Finance lease and interest receivables                               |       | 507                                       | –   |
| Trade and bills receivables  | 17    | 87,908                                    | 97,746                                      |
| Prepayments, deposits and other receivables                          |       | 128,493                                   | 84,759                                      |
| Contract assets  |       | 1,762                                     | –   |
| Amount due from an associate   |       | 41,598                                    | 23,125                                      |
| Amount due from a joint venture                                      |       | 6,447                                     | 6,304                                       |
| Financial assets at fair value through profit or loss                |       | 38,981                                    | –   |
| Income tax recoverable   |       | 1,578                                     | –   |
| Pledged bank deposits  |       | 4,649                                     | 16,906                                      |
| Cash and cash equivalents  |       | 477,074                                   | 414,065                                     |
|  |       | <b>876,262</b>                            | 756,851                                     |

## Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2020

|  | Notes | 30 June<br>2020<br>RMB'000<br>(unaudited) | 31 December<br>2019<br>RMB'000<br>(audited) |
|--|-------|---|---|
| <b>CURRENT LIABILITIES</b>                           |       |   |   |
| Trade and bills payables                             | 18    | 98,939                                    | 104,314                                     |
| Other payables and accruals                          |       | 60,812                                    | 45,209                                      |
| Lease liabilities                                    |       | 7,147                                     | 5,189                                       |
| Bank and other borrowings                            |       | 172,900                                   | 96,986                                      |
| Promissory note payable                              |       | 12,307                                    | 12,130                                      |
| Amounts due to associates                            |       | 50,685                                    | 5,600                                       |
| Amount due to non-controlling interest               |       | 6,874                                     | 895   |
| Income tax payable                                   |       | 6,413                                     | 4,463                                       |
|  |       | <b>416,077</b>                            | 274,786                                     |
| <b>NET CURRENT ASSETS</b>                            |       |   |   |
|  |       | <b>460,185</b>                            | 482,065                                     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>         |       |   |   |
|  |       | <b>823,887</b>                            | 821,570                                     |
| <b>NON-CURRENT LIABILITIES</b>                       |       |   |   |
| Lease liabilities                                    |       | (15,264)                                  | (17,335)                                    |
| Deferred tax liabilities                             |       | (14,813)                                  | (14,894)                                    |
|  |       | <b>(30,077)</b>                           | (32,229)                                    |
| <b>NET ASSETS</b>                                    |       |   |   |
|  |       | <b>793,810</b>                            | 789,341                                     |
| <b>EQUITY</b>  |       |   |   |
| Share capital  | 19    | 15,348                                    | 15,348                                      |
| Reserves   |       | 730,004                                   | 725,174                                     |
|  |       | <b>745,352</b>                            | 740,522                                     |
| Equity attributable to equity holders of the Company |       | <b>745,352</b>                            | 740,522                                     |
| Non-controlling interests                            |       | 48,458                                    | 48,819                                      |
| <b>TOTAL EQUITY</b>                                  |       |   |   |
|  |       | <b>793,810</b>                            | 789,341                                     |

**Tsai Wallen**  
Director

**Lau Ka Ho**  
Director

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

|   | Attributable to equity holders of the Company |               |                      |                 |                            |                            |                              |                  | Non-controlling interests | Total equity |         |
|---|---|---------------|----------------------|-----------------|----------------------------|----------------------------|------------------------------|------------------|---------------------------|--------------|---------|
|   | Share capital                                 | Share premium | Share option reserve | Capital reserve | FVTOCI revaluation reserve | Capital redemption reserve | Exchange fluctuation reserve | Retained profits |                           |              | Total   |
|   | RMB'000                                       | RMB'000       | RMB'000              | RMB'000         | RMB'000                    | RMB'000                    | RMB'000                      | RMB'000          | RMB'000                   | RMB'000      |         |
| At 31 December 2019 (audited)   | 15,348  | 572,335       | 35,491               | 11              | (89,435)                   | 16                         | 25,969                       | 180,787          | 740,522                   | 48,819       | 789,341 |
| Loss for the period   | -   | -             | -                    | -               | -                          | -                          | -                            | (645)            | (645)                     | (2,052)      | (2,697) |
| Other comprehensive (expense)/income  |   |               |                      |                 |                            |                            |                              |                  |                           |              |         |
| Exchange differences on translation of operations outside Mainland China                                      | -   | -             | -                    | -               | -                          | -                          | 5,977                        | -                | 5,977                     | 949          | 6,926   |
| Exchange differences on disposal of a subsidiary  | -   | -             | -                    | -               | -                          | -                          | 65                           | -                | 65                        | -            | 65      |
| Loss on change in fair value of financial assets at fair value through other comprehensive income, net of tax | -   | -             | -                    | -               | (567)                      | -                          | -                            | -                | (567)                     | -            | (567)   |
| Total comprehensive (expense)/income for the period   | -   | -             | -                    | -               | (567)                      | -                          | 6,042                        | (645)            | 4,830                     | (1,103)      | 3,727   |
| Non-controlling interests arisen from acquisition of a subsidiary   | -   | -             | -                    | -               | -                          | -                          | -                            | -                | -                         | 742          | 742     |
| Transferred to retained profits on disposal of financial assets at FVTOCI                                     | -   | -             | -                    | -               | 5,036                      | -                          | -                            | (5,036)          | -                         | -            | -       |
| Transferred to retained profits on disposal of a subsidiary   | -   | -             | -                    | -               | 1,675                      | -                          | -                            | (1,675)          | -                         | -            | -       |
| Transferred to retained profits upon forfeiture of share options  | -   | -             | (265)                | -               | -                          | -                          | -                            | 265              | -                         | -            | -       |
| At 30 June 2020 (unaudited)   | 15,348  | 572,335       | 35,226               | 11              | (83,291)                   | 16                         | 32,011                       | 173,696          | 745,352                   | 48,458       | 793,810 |

## Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2019

|  | Attributable to equity holders of the Company |               |                      |                 |                            |                            |                              |                  | Non-controlling interests | Total equity |           |
|--|---|---------------|----------------------|-----------------|----------------------------|----------------------------|------------------------------|------------------|---------------------------|--------------|-----------|
|  | Share capital                                 | Share premium | Share option reserve | Capital reserve | FVTOCI revaluation reserve | Capital redemption reserve | Exchange fluctuation reserve | Retained profits |                           |              |           |
|  | RMB'000                                       | RMB'000       | RMB'000              | RMB'000         | RMB'000                    | RMB'000                    | RMB'000                      | RMB'000          | RMB'000                   | RMB'000      |           |
| At 31 December 2018 (audited)  | 11,649  | 519,572       | 38,070               | 11              | (33,223)                   | 16                         | 11,088                       | 226,791          | 773,974                   | 73,252       | 847,226   |
| (Loss)/profit for the period   | -   | -             | -                    | -               | -                          | -                          | -                            | (75,337)         | (75,337)                  | 1,897        | (73,440)  |
| Other comprehensive (expense)/income   |   |               |                      |                 |                            |                            |                              |                  |                           |              |           |
| Exchange differences on translation of operations outside Mainland China                                       | -   | -             | -                    | -               | -                          | -                          | 681                          | -                | 681                       | 149          | 830       |
| Loss on change in fair value of financial assets at fair value through other comprehensives income, net of tax | -   | -             | -                    | -               | (51,205)                   | -                          | -                            | -                | (51,205)                  | -            | (51,205)  |
| Total comprehensive (expense)/income for the period  | -   | -             | -                    | -               | (51,205)                   | -                          | 681                          | (75,337)         | (125,861)                 | 2,046        | (123,815) |
| Transferred to retained profits on disposal of financial assets at FVTOCI                                      | -   | -             | -                    | -               | 4,369                      | -                          | -                            | (4,369)          | -                         | -            | -         |
| Issue of new shares  | 1,762   | 28,904        | -                    | -               | -                          | -                          | -                            | -                | 30,666                    | -            | 30,666    |
| Transferred to retained profits upon forfeiture of share options   | -   | -             | (2,579)              | -               | -                          | -                          | -                            | 2,579            | -                         | -            | -         |
| At 30 June 2019 (unaudited)  | 13,411  | 548,476       | 35,491               | 11              | (80,059)                   | 16                         | 11,769                       | 149,664          | 678,779                   | 75,298       | 754,077   |

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

|   | Notes | Six months ended 30 June       |                                |
|---|-------|--------------------------------|--------------------------------|
|   |       | 2020<br>RMB'000<br>(unaudited) | 2019<br>RMB'000<br>(unaudited) |
| <b>Net cash generated from/(used in) operating activities</b>                                     |       | <b>6,056</b>                   | (127,715)                      |
| <b>Investing activities</b>   |       |                                |                                |
| Acquisition of property, plant and equipment  | 13    | (9,259)                        | (7,878)                        |
| Acquisition of subsidiaries   | 21    | (24,575)                       | (13,424)                       |
| Proceeds from disposal of property, plant and equipment   |       | 4,345                          | –                              |
| Income from other financial assets received   |       | 303                            | –                              |
| Decrease in pledged bank deposits   |       | 12,257                         | –                              |
| Increase in financial assets at fair value through profit or loss                                 |       | –                              | 88,805                         |
| Other cash flows from investing activities  |       | –                              | 14,010                         |
| <b>Net cash (used in)/generated from investing activities</b>                                     |       | <b>(16,929)</b>                | 81,513                         |
| <b>Financing activities</b>   |       |                                |                                |
| Drawdown of bank loans  |       | 50,000                         | –                              |
| Drawdown of other loans   |       | 45,580                         | 24,066                         |
| Payment of lease liabilities  |       | (3,550)                        | (3,318)                        |
| Repayment of other loans  |       | (20,000)                       | –                              |
| <b>Net cash generated from financing activities</b>   |       | <b>72,030</b>                  | 20,748                         |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                       |       | <b>61,157</b>                  | (25,454)                       |
| Cash and cash equivalents at beginning of period  |       | 414,065                        | 218,888                        |
| Effect of foreign exchange rate changes, net  |       | 1,852                          | 830                            |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>   |       | <b>477,074</b>                 | 194,264                        |
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>  |       |                                |                                |
| Cash and cash equivalents presented in the condensed consolidated statement of financial position |       | 477,074                        | 194,264                        |

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

## 1. CORPORATE INFORMATION

Prosperous Future Holdings Limited 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 Room 2005-2006, Kinwick Centre, 32 Hollywood Road, Central, Hong Kong. The Company's principal place of business in the People's Republic of China (the "Mainland China" or the "PRC") is located at No. 8, North Wuqiao 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, money lending, trading of commodities, securities investment, properties holding, investment holding, provision of food and beverage services, finance lease and 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.

The Group discontinued its operation of online platform, details of which are set out in note 12.

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.

### Restatement due to discontinued operations

The comparative information in respect of the consolidated statement of profit or loss and other comprehensive income, together with notes thereon for the six months ended 30 June 2019 has been restated, where appropriate, in order to conform with the current period's presentation of the discontinued operations separately from continuing operations. As the restatements do not affect the consolidated statement of financial position, it is not necessary to disclose comparative information as at 1 January 2019.



## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and the applicable disclosure requirements under Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

Other than the changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRS”), the accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2019.

In the current period, for the first time, the Group has applied the following new and amendments to the IFRSs issued by the International Accounting Standard Board. These IFRSs are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s unaudited condensed consolidated financial statements.

|  |                                |
|--|--------------------------------|
| Amendments to IFRS 3                       | Definition of a Business       |
| Amendments to IFRS 9,<br>IAS 39 and IFRS 7 | Interest Rate Benchmark Reform |
| Amendments to IAS 1 and IAS 8              | Definition of Material         |

The adoption of new and revised IFRSs has no material effect on the Group’s results and financial position for the current and previous accounting periods.

The Group has not applied any new or revised IFRSs that have been issued but are not yet effective for current accounting period.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 3. OPERATING SEGMENT INFORMATION

#### Continuing Operations

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

- (a) Personal care products – manufacture and sale of skin care, body and hair care products
- (b) Money lending
- (c) Trading of commodities
- (d) Securities investment
- (e) Properties holding
- (f) Food and beverage – sale of frozen food and beverage products and provision of related services
- (g) Finance lease
- (h) Provision of professional services – fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, trust and fiduciary service

During the period, the Group commenced the business engaging in provision of professional services following the completion of the acquisition of Ayasa Globo Financial Services (BVI) Limited (“Ayasa Globo BVI”) (as detailed in note 21), and it is considered as a new operating and reportable segment by the management.

#### 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, details of which set out in note 12.

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 banks, 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 a joint venture, interests in associates, interests in a joint venture and cash and cash equivalents as these assets are managed on a group basis.

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

For the current period under review, certain pledged deposits, cash and cash equivalents 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 period. These restatements of segments assets and segment liabilities have no impact on the Group’s revenue and profit/loss for the current and comparative periods nor on the total assets and total liabilities of the Group as at 30 June 2020 and 31 December 2019.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 3. OPERATING SEGMENT INFORMATION (continued)

|  | Continuing operations                   |                             |                                      |                                     |                                  |                                 |                             |   | Discontinued operations            |                      |          | Total<br>RMB'000 |
|--|---|-----------------------------|--------------------------------------|-------------------------------------|----------------------------------|---------------------------------|-----------------------------|---|------------------------------------|----------------------|----------|------------------|
|  | Personal<br>care<br>products<br>RMB'000 | Money<br>lending<br>RMB'000 | Trading of<br>commodities<br>RMB'000 | Securities<br>investment<br>RMB'000 | Properties<br>holding<br>RMB'000 | Food and<br>beverage<br>RMB'000 | Finance<br>lease<br>RMB'000 | Provision of<br>professional<br>services<br>RMB'000 | Operation of<br>online<br>platform |                      |          |                  |
|  | Sub-total<br>RMB'000                    | Sub-total<br>RMB'000        | Sub-total<br>RMB'000                 | Sub-total<br>RMB'000                | Sub-total<br>RMB'000             | Sub-total<br>RMB'000            | Sub-total<br>RMB'000        | Sub-total<br>RMB'000                                | Sub-total<br>RMB'000               | Sub-total<br>RMB'000 |          |                  |
| <b>Six months ended 30 June 2020<br/>(unaudited)</b> |   |                             |                                      |                                     |                                  |                                 |                             |   |                                    |                      |          |                  |
| <b>Segment revenue:</b>                              |   |                             |                                      |                                     |                                  |                                 |                             |   |                                    |                      |          |                  |
| Sales to external customers                          | 242,356                                 | 7,131                       | 6,523                                | 1,406                               | -                                | 171,033                         | 14                          | 7,552   | 436,015                            | -                    | -        | 436,015          |
| <b>Segment (loss)/profit</b>                         | <b>(807)</b>                            | <b>7,721</b>                | <b>(1,005)</b>                       | <b>1,206</b>                        | <b>(10,104)</b>                  | <b>4,290</b>                    | <b>(938)</b>                | <b>3,676</b>  | <b>4,039</b>                       | <b>-</b>             | <b>-</b> | <b>4,039</b>     |
| Bank interest income                                 |   |                             |                                      |                                     |                                  |                                 |                             |   | 1,459                              | -                    | -        | 1,459            |
| Other unallocated income and gains                   |   |                             |                                      |                                     |                                  |                                 |                             |   | 332                                | -                    | -        | 332              |
| Loss on disposal of a subsidiary                     |   |                             |                                      |                                     |                                  |                                 |                             |   | (65)                               | -                    | -        | (65)             |
| Corporate and other unallocated expenses             |   |                             |                                      |                                     |                                  |                                 |                             |   | (4,549)                            | -                    | -        | (4,549)          |
| Finance costs  |   |                             |                                      |                                     |                                  |                                 |                             |   | (1,827)                            | -                    | -        | (1,827)          |
| Loss before tax                                      |   |                             |                                      |                                     |                                  |                                 |                             |   | <b>(611)</b>                       |                      |          | <b>(611)</b>     |

|  | Continuing operations                   |                             |                                      |                                     |                                  |                                 |                             |   | Discontinued operations            |                      |              | Total<br>RMB'000 |
|--|---|-----------------------------|--------------------------------------|-------------------------------------|----------------------------------|---------------------------------|-----------------------------|---|------------------------------------|----------------------|--------------|------------------|
|  | Personal<br>care<br>products<br>RMB'000 | Money<br>lending<br>RMB'000 | Trading of<br>commodities<br>RMB'000 | Securities<br>investment<br>RMB'000 | Properties<br>holding<br>RMB'000 | Food and<br>beverage<br>RMB'000 | Finance<br>lease<br>RMB'000 | Provision of<br>professional<br>services<br>RMB'000 | Operation of<br>online<br>platform |                      |              |                  |
|  | Sub-total<br>RMB'000                    | Sub-total<br>RMB'000        | Sub-total<br>RMB'000                 | Sub-total<br>RMB'000                | Sub-total<br>RMB'000             | Sub-total<br>RMB'000            | Sub-total<br>RMB'000        | Sub-total<br>RMB'000                                | Sub-total<br>RMB'000               | Sub-total<br>RMB'000 |              |                  |
| <b>Six months ended 30 June 2019<br/>(unaudited)</b> |   |                             |                                      |                                     |                                  |                                 |                             |   |                                    |                      |              |                  |
| <b>Segment revenue:</b>                              |   |                             |                                      |                                     |                                  |                                 |                             |   |                                    |                      |              |                  |
| Sales to external customers                          | 164,640                                 | 17,965                      | 71,324                               | -                                   | 248                              | 25,020                          | -                           | -   | 279,197                            | 5,219                | 5,219        | 284,416          |
| <b>Segment (loss)/profit</b>                         | <b>(38,734)</b>                         | <b>1,470</b>                | <b>(24,577)</b>                      | <b>(59)</b>                         | <b>(284)</b>                     | <b>(517)</b>                    | <b>-</b>                    | <b>-</b>  | <b>(62,701)</b>                    | <b>2,205</b>         | <b>2,205</b> | <b>(60,496)</b>  |
| Bank interest income                                 |   |                             |                                      |                                     |                                  |                                 |                             |   | 419                                | -                    | -            | 419              |
| Other unallocated income and gains                   |   |                             |                                      |                                     |                                  |                                 |                             |   | 761                                | -                    | -            | 761              |
| Corporate and other unallocated expenses             |   |                             |                                      |                                     |                                  |                                 |                             |   | (10,131)                           | -                    | -            | (10,131)         |
| Finance costs  |   |                             |                                      |                                     |                                  |                                 |                             |   | (3,131)                            | -                    | -            | (3,131)          |
| Loss before tax                                      |   |                             |                                      |                                     |                                  |                                 |                             |   | <b>(74,783)</b>                    |                      |              | <b>(72,578)</b>  |



## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 4. REVENUE

The following is an analysis of the Group's revenue for the period:

|  | Six months ended 30 June       |  |
|--|--------------------------------|--|
|  | 2020<br>RMB'000<br>(unaudited) | 2019<br>RMB'000<br>(unaudited and<br>restated) |
| <b>Continuing operations</b>   |                                |  |
| Revenue from sales of goods  | 248,879                        | 235,964  |
| Interest income from money lending business                                | 7,131                          | 17,965   |
| Interest income from finance lease   | 14                             | –  |
| Interest income from financial assets at fair value through profit or loss | 1,406                          | –  |
| Income from provision of professional service                              | 7,552                          | –  |
| Rental income from lease of investment properties                          | –                              | 248  |
| Income from food and beverage business                                     | 171,033                        | 25,020   |
| Revenue arising from continuing operations                                 | 436,015                        | 279,197  |
| <b>Discontinued operations</b>   |                                |  |
| Income from operation of online platform                                   | –                              | 5,219  |
|  | 436,015                        | 284,416  |

### 5. OTHER INCOME AND GAINS

|  | Six months ended 30 June       |                                |
|--|--------------------------------|--------------------------------|
|  | 2020<br>RMB'000<br>(unaudited) | 2019<br>RMB'000<br>(unaudited) |
| <b>Continuing operations</b>   |                                |                                |
| Bank interest income   | 1,762                          | 419                            |
| Bad debt recovery  | 22                             | –                              |
| Income derived from other financial assets                             | –                              | 342                            |
| Gain on disposal of property, plant and equipment                      | 40                             | –                              |
| Gain on acquisition (Note 21(c))                                       | –                              | 91                             |
| Government subsidies*  | 2,107                          | 2,186                          |
| Net foreign exchange gains   | 5,848                          | –                              |
| Rental income  | –                              | 278                            |
| Reversal of impairment loss on loan and interest receivables (note 16) | 8,156                          | –                              |
| Reversal of impairment loss on trade receivables                       | –                              | 1,911                          |
| Others   | 1,252                          | 760                            |
|  | 19,187                         | 5,987                          |

\* There are no unfulfilled conditions or contingencies relating to these subsidies.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 6. OTHER EXPENSES

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2020<br>RMB'000<br>(unaudited) | 2019<br>RMB'000<br>(unaudited) |
| <b>Continuing operations</b>  |                                |                                |
| Loss on disposal of property, plant and equipment                       | –                              | 437                            |
| Impairment loss on loan and interest receivables                        | –                              | 4,988                          |
| Impairment loss on trade receivables                                    | 24                             | 4,462                          |
| Impairment loss on contract assets                                      | 7                              | –                              |
| Impairment loss on goodwill (Note 21(b))                                | –                              | 2,523                          |
| Impairment loss on properties for development                           | 5,437                          | –                              |
| Impairment loss of other receivables                                    | 2,014                          | –                              |
| Loan and interest receivables written off (Note 16)                     | 6,525                          | –                              |
| Fair value loss on financial asset at fair value through profit or loss | 159                            | –                              |
| Loss on disposal of a subsidiary (Note 22(a))                           | 65                             | –                              |
| Loss on change in fair value of investment properties                   | 4,531                          | 1,710                          |
| Labeling issue recalling expenses                                       | –                              | 108                            |
| Others  | 1                              | 4                              |
|   | <b>18,763</b>                  | <b>14,232</b>                  |

### 7. FINANCE COSTS

|                                | Six months ended 30 June       |                                |
|--------------------------------|--------------------------------|--------------------------------|
|                                | 2020<br>RMB'000<br>(unaudited) | 2019<br>RMB'000<br>(unaudited) |
| <b>Continuing operations</b>   |                                |                                |
| Interest on bank borrowings    | 560                            | 1,354                          |
| Interest on other borrowings   | 664                            | 1,460                          |
| Interests on lease liabilities | 603                            | 317                            |
|                                | <b>1,827</b>                   | <b>3,131</b>                   |

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 8. LOSS BEFORE TAX

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

|   | Six months ended 30 June       |  |
|---|--------------------------------|--|
|   | 2020<br>RMB'000<br>(unaudited) | 2019<br>RMB'000<br>(unaudited and<br>restated) |
| <b>Continuing operations</b>  |                                |  |
| Cost of inventories sold  | 324,910                        | 260,460  |
| Depreciation of property, plant and equipment   | 7,723                          | 14,222   |
| Less: amount capitalised as cost of inventories sold  | (2,270)                        | (1,143)  |
| Depreciation of property, plant and equipment included in selling and distribution expenses and administrative expenses | 5,453                          | 13,079   |
| Depreciation of right-of-use assets   | 3,590                          | 2,343  |
| Lease payments under short-term leases and low value assets   | 1,195                          | 2,086  |
| Storage expenses  | 8,259                          | –  |
| Employee benefit expenses (including directors' remuneration):  |                                |  |
| Wages and salaries  | 35,493                         | 32,135   |
| Retirement benefit scheme contributions   | 1,826                          | 2,880  |
| Total staff costs   | 37,319                         | 35,015   |
| Less: amount capitalised as cost of inventories sold  | (16,910)                       | (14,695)                                       |
| Staff costs included in selling and distribution expenses and administrative expenses                                   | 20,409                         | 20,320   |
| Auditor's remuneration  | 493                            | 395  |
| Research and development costs  | 11,977                         | 9,905  |
| Net foreign exchange loss   | –                              | 3,101  |
| <b>Discontinued operations</b>  |                                |  |
| Employee benefit expenses (including directors' remuneration)   |                                |  |
| Wages and salaries  | –                              | 3  |
| Retirement benefit scheme contributions   | –                              | –  |
| Total staff costs   | –                              | 3  |

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 9. INCOME TAX EXPENSE

|   | Six months ended 30 June       |  |
|---|--------------------------------|--|
|   | 2020<br>RMB'000<br>(unaudited) | 2019<br>RMB'000<br>(unaudited and<br>restated) |
| <b>Continuing operations</b>                        |                                |  |
| Hong Kong profits tax                               | 2,092                          | 1,142  |
| PRC enterprise income tax                           | 80                             | 2  |
| Current tax   | 2,172                          | 1,144  |
| Deferred tax  | (86)                           | (1,138)  |
| Total income tax expense from continuing operations | 2,086                          | 6  |
| <b>Discontinued operations</b>                      |                                |  |
| Hong Kong profits tax                               | –                              | 856  |
| Income tax expense from discontinued operations     | –                              | 856  |
| Total income tax expense                            | 2,086                          | 862  |

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both periods presented.

PRC subsidiaries, except for 青蛙王子(中國)日化有限公司 (“Frog Prince (China)”), are subject to PRC enterprise income tax at 25% of the profit assessable to tax for both of the periods presented.

Pursuant to the High-New Technology Enterprise certificate granted by the local authority in the PRC, which was obtained by the Group in April 2014, a subsidiary, Frog Prince (China), was taxed at a preferential tax rate of 15% for a period of three years commencing from December 2016.

### 10. DIVIDENDS

The directors of the Company do not recommend any payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).



## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 11. LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

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

|  | Continuing and discontinued operations<br>six months ended 30 June |                 | Continuing operations<br>six months ended 30 June |                 |
|--|--|-----------------|---|-----------------|
|  | 2020<br>RMB'000  | 2019<br>RMB'000 | 2020<br>RMB'000                                   | 2019<br>RMB'000 |
| <b>Loss</b>  |  |                 |   |                 |
| Loss for the purpose of basic loss per share                                       |  |                 |   |                 |
| Loss for the period attributable to equity holders of the Company                  | <b>(645)</b>   | (75,337)        | <b>(645)</b>                                      | (74,789)        |
|  | <b>2020<br/>'000</b>   | 2019<br>'000    | <b>2020<br/>'000</b>                              | 2019<br>'000    |
| <b>Number of shares</b>  |  |                 |   |                 |
| Weighted average number of ordinary shares for the purpose of basic loss per share | <b>1,810,123</b>   | 1,425,482       | <b>1,810,123</b>                                  | 1,425,482       |

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 periods ended 30 June 2020 and 30 June 2019.

Diluted loss per share for the periods ended 30 June 2020 and 30 June 2019 are not presented as there were no other potential shares in issue for both of the periods.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 12. DISCONTINUED OPERATIONS

On 23 August 2019, the Company, entered into an agreement with an independent third party to dispose 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 operations of online platform segment. The disposal was completed on 8 October 2019 and the Group discontinued its business of online platform operations.

An analysis of the loss for the comparative six months ended 30 June 2019 from the discontinued business of operations of online platform segment is set out below. These comparative figures in respect of the discontinued operations have been restated to conform with the current period’s presentation.

|  | Six months ended<br>30 June 2019<br>RMB’000<br>(unaudited) |
|--|--|
| Revenue                                    |  |
| Income from operations of online platform  | 5,219  |
| Cost of sales                              | (21)   |
| Gross profit                               | 5,198  |
| Selling and distribution expenses          | –  |
| Administrative expenses                    | (2,993)  |
| Profit before tax                          | 2,205  |
| Income tax expense                         | (856)  |
| Profit for the period                      | 1,349  |
| Net cash outflow from operating activities | (2)  |
| Net cash inflow from investing activities  | –  |
| Net cash outflow from financing activities | –  |
| Net decrease in cash and cash equivalents  | (2)  |

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

**13. PROPERTY, PLANT AND EQUIPMENT**

|   | <b>Six months<br/>ended<br/>30 June<br/>2020<br/>RMB'000<br/>(unaudited)</b> | Year ended<br>31 December<br>2019<br>RMB'000<br>(audited) |
|---|--|---|
| At beginning of the period/year, net of accumulated depreciation and impairment | <b>85,729</b>  | 171,823   |
| Additions, at cost  | <b>9,259</b>   | 21,692  |
| Additions upon acquisition of a subsidiary                                      | <b>1,447</b>   | 926   |
| Disposals   | <b>(4,305)</b>   | (707)   |
| Depreciation provided for the period/year                                       | <b>(7,723)</b>   | (29,567)  |
| Eliminated upon disposal of a subsidiary  | –  | (78,620)  |
| Exchange realignment  | <b>236</b>   | 182   |
| At end of the period/year, net of accumulated depreciation and impairment       | <b>84,643</b>  | 85,729  |

**14. GOODWILL**

|  | <b>Six months<br/>ended<br/>30 June<br/>2020<br/>RMB'000<br/>(unaudited)</b> | Year ended<br>31 December<br>2019<br>RMB'000<br>(audited) |
|--|--|---|
| <b>Cost</b>                                      |  |   |
| At beginning of the period/year                  | <b>2,804</b>   | 103,257   |
| Acquisition of subsidiaries (Note 21(a))         | <b>37,174</b>  | 2,804   |
| Disposal of a subsidiary                         | –  | (103,257)   |
| At end of the period/year                        | <b>39,978</b>  | 2,804   |
| <b>Accumulated impairment losses</b>             |  |   |
| At beginning of the period/year                  | <b>2,804</b>   | 80,457  |
| Impairment loss recognised                       | –  | 2,804   |
| Eliminated upon disposal of a subsidiary         | –  | (80,457)  |
| At end of the period/year                        | <b>2,804</b>   | 2,804   |
| <b>Carrying amount at end of the period/year</b> | <b>37,174</b>  | –   |

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

**15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

|   | <b>30 June<br/>2020<br/>RMB'000<br/>(unaudited)</b> | 31 December<br>2019<br>RMB'000<br>(audited) |
|---|---|---|
| Financial assets at fair value through other comprehensive income |   |   |
| – Equity securities listed in Hong Kong                           | <b>8,404</b>  | 7,353                                       |
| – Unlisted investment fund  | <b>23,593</b>                                       | 25,211                                      |
|   | <b>31,997</b>                                       | 32,564                                      |

**16. LOAN AND INTEREST RECEIVABLES**

|                                       | <b>30 June<br/>2020<br/>RMB'000<br/>(unaudited)</b> | 31 December<br>2019<br>RMB'000<br>(audited) |
|---------------------------------------|---|---|
| Loan and interest receivables thereon |   |   |
| – within one year                     | <b>44,967</b>                                       | 82,847                                      |
| – in the second to fifth year         | <b>1,808</b>  | 3,631                                       |
| – over five years                     | <b>2,439</b>  | 3,079                                       |
|                                       | <b>49,214</b>                                       | 89,557                                      |
| Less: Impairment loss recognised      | <b>(1,641)</b>                                      | (9,655)                                     |
|                                       | <b>47,573</b>                                       | 79,902                                      |
| Analysed for reporting as:            |   |   |
| Non-current assets                    | <b>4,248</b>  | 6,776                                       |
| Current assets                        | <b>43,325</b>                                       | 73,126                                      |
|                                       | <b>47,573</b>                                       | 79,902                                      |

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 16. LOAN AND INTEREST RECEIVABLES (continued)

Movements during the period/year are as follows:

|  | <b>Six months<br/>ended<br/>30 June<br/>2020<br/>RMB'000<br/>(unaudited)</b> | Year<br>ended<br>31 December<br>2019<br>RMB'000<br>(audited) |
|--|--|--|
| At beginning of the period/year  | <b>79,902</b>  | 176,091  |
| Loans made by the Group  | <b>22,029</b>  | 64,507   |
| Interest on loan receivables   | <b>7,131</b>   | 28,960   |
| Loan and interest repaid by borrowers                                  | <b>(64,488)</b>  | (149,516)  |
| Loan and interest written off  | <b>(6,525)</b>   | (12,586)   |
| Loan and interest disposed   | –  | (24,671)   |
| Impairment loss of loan and interest receivables reversed/(recognised) | <b>8,156</b>   | (4,644)  |
| Exchange realignment   | <b>1,368</b>   | 1,761  |
| At end of the period/year  | <b>47,573</b>  | 79,902   |

### 17. TRADE AND BILLS RECEIVABLES

|                                    | <b>30 June<br/>2020<br/>RMB'000<br/>(unaudited)</b> | 31 December<br>2019<br>RMB'000<br>(audited) |
|------------------------------------|---|---|
| Trade and bills receivables        | <b>94,707</b>                                       | 104,521                                     |
| Less: allowance for doubtful debts | <b>(6,799)</b>                                      | (6,775)                                     |
|                                    | <b>87,908</b>                                       | 97,746                                      |

The Group's trading terms with its customers 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 (31 December 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 receivable balances. Trade receivables are non-interest bearing.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 17. TRADE AND BILLS RECEIVABLES (continued)

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date, is as follows:

|                | <b>30 June<br/>2020<br/>RMB'000<br/>(unaudited)</b> | 31 December<br>2019<br>RMB'000<br>(audited) |
|----------------|---|---|
| Within 30 days | <b>60,564</b>                                       | 52,954                                      |
| 31 to 60 days  | <b>25,254</b>                                       | 22,956                                      |
| 61 to 90 days  | <b>1,138</b>  | 10,301                                      |
| Over 90 days   | <b>952</b>  | 11,535                                      |
|                | <b>87,908</b>                                       | 97,746                                      |

### 18. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

|                | <b>30 June<br/>2020<br/>RMB'000<br/>(unaudited)</b> | 31 December<br>2019<br>RMB'000<br>(audited) |
|----------------|---|---|
| Within 30 days | <b>38,070</b>                                       | 31,880                                      |
| 31 to 90 days  | <b>29,623</b>                                       | 33,886                                      |
| Over 90 days   | <b>31,246</b>                                       | 38,548                                      |
|                | <b>98,939</b>                                       | 104,314                                     |

The trade payables are non-interest bearing and are normally settled on terms of 30 days to 180 days (31 December 2019: 30 days to 180 days).

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 19. SHARE CAPITAL

|   | Six months ended<br>30 June 2020     |  | Year ended<br>31 December 2019       |  |
|---|--------------------------------------|--|--------------------------------------|--|
|   | Number of<br>ordinary shares<br>'000 | Share<br>capital<br>RMB'000<br>(unaudited) | Number of<br>ordinary shares<br>'000 | Share<br>capital<br>RMB'000<br>(audited) |
| Authorised:   |                                      |  |                                      |  |
| Ordinary shares of HK\$0.01 each                          |                                      |  |                                      |  |
| At beginning and end of the period/year                   | <b>5,000,000</b>                     | <b>41,524</b>                              | 5,000,000                            | 41,524                                   |
| Issued and fully paid:                                    |                                      |  |                                      |  |
| Ordinary shares of HK\$0.01 each                          |                                      |  |                                      |  |
| At beginning of the period/year                           | <b>1,810,123</b>                     | <b>15,348</b>                              | 1,390,123                            | 11,649                                   |
| Shares issued for acquisition of<br>a subsidiary (note a) | -                                    | -  | 200,000                              | 1,762                                    |
| Placing of shares (note b)                                | -                                    | -  | 220,000                              | 1,937                                    |
| At end of the period/year                                 | <b>1,810,123</b>                     | <b>15,348</b>                              | 1,810,123                            | 15,348                                   |

Notes:

- (a) On 1 March 2019, the Company entered into an agreement with a third party for the acquisition of 80% equity interest in Real Power, pursuant to which 200,000,000 new shares were issued as part of the purchase consideration.
- (b) On 15 July 2019, the Company issued 220,000,000 ordinary shares at HK\$0.136 per share for a total cash consideration of HK\$29,920,000 (equivalent to RMB25,820,000) to provide additional working capital to the Company.

### 20. SHARE OPTION SCHEME

On 22 June 2011, the Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include, among others, the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group and the Company's shareholders. The Scheme was conditionally approved on 22 June 2011, for 10 years from that date. The Scheme became effective on 15 July 2011 upon the listing of the Company's shares on the Stock Exchange. The limit of the Scheme was refreshed on 28 June 2019 and the Scheme will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 20. SHARE OPTION SCHEME (continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding the independent non-executive director who or whose associate is the grantee of the option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and ends on a date which is not later than ten years from the date of grant of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the highest of: (i) the nominal value of the Company's shares; (ii) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (iii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Movements of share options during the reporting period are as follows:

|                                  | Six months ended<br>30 June 2020                           |                              | Year ended<br>31 December 2019                             |                              |
|----------------------------------|--|------------------------------|--|------------------------------|
|                                  | Weighted<br>average<br>exercise price<br>per share<br>HK\$ | Number<br>of options<br>'000 | Weighted<br>average<br>exercise price<br>per share<br>HK\$ | Number<br>of options<br>'000 |
| At beginning of the period/year  | 1.43   | 77,747                       | 1.26   | 93,655                       |
| Forfeited during the period/year | 1.37   | (618)                        | 0.42   | (15,908)                     |
| At end of the period/year        | 1.43   | 77,129                       | 1.43   | 77,747                       |



## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 20. SHARE OPTION SCHEME (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

| <b>30 June 2020</b>       |                                  |                          |  |
|---------------------------|----------------------------------|--------------------------|--|
| Number of options<br>'000 | Exercise price<br>HK\$ per share | Exercise period          |  |
| 8,844                     | 1.92                             | 14-10-2012 to 13-10-2021 |  |
| 7,108                     | 2.94                             | 21-06-2013 to 20-06-2022 |  |
| 22,390                    | 1.83                             | 26-09-2015 to 25-09-2024 |  |
| 29,087                    | 0.81                             | 18-01-2017 to 27-12-2025 |  |
| 9,700                     | 0.81                             | 20-01-2017 to 27-12-2025 |  |
| <b>77,129</b>             |                                  |                          |  |

| 31 December 2019          |                                  |                          |  |
|---------------------------|----------------------------------|--------------------------|--|
| Number of options<br>'000 | Exercise price<br>HK\$ per share | Exercise period          |  |
| 8,844                     | 1.92                             | 14-10-2012 to 13-10-2021 |  |
| 7,126                     | 2.94                             | 21-06-2013 to 20-06-2022 |  |
| 22,690                    | 1.83                             | 26-09-2015 to 25-09-2024 |  |
| 29,387                    | 0.81                             | 18-01-2017 to 27-12-2025 |  |
| 9,700                     | 0.81                             | 20-01-2017 to 27-12-2025 |  |
| <b>77,747</b>             |                                  |                          |  |

No share option expenses were recognised for the six months ended 30 June 2020 (2019: RMB Nil).

At the end of the reporting period, the Company had approximately 77,129,000 share options (31 December 2019: 77,747,000) outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of approximately 77,129,000 (31 December 2019: 77,747,000) additional ordinary shares of the Company which would give rise to the total proceeds of HK\$110,294,000 (31 December 2019: HK\$111,114,000).

Up to the date of approval of these condensed consolidated interim financial statements, the Company had approximately 77,129,000 share options outstanding under the Scheme, which represented approximately 4.3% of the Company's shares in issue as at that date.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 21. ACQUISITION OF SUBSIDIARIES

|   | <b>Six months<br/>ended<br/>30 June<br/>2020<br/>RMB'000</b> | Six months<br>ended<br>30 June<br>2019<br>RMB'000 |
|---|--|---|
| Net cash inflow of cash and cash equivalents on acquisition of: |  |   |
| – Ayasa Globo Financial Service (BVI) Limited (note a)          | <b>(24,575)</b>  | –   |
| – Real Power International Group Limited (note b)               | –  | (12,746)  |
| – China Cold Chain Limited (note c)                             | –  | (678)   |
|   | <b>(24,575)</b>  | (13,424)  |

#### (a) Acquisition of Ayasa Globo Financial Service (BVI) Limited (“Ayasa Globo BVI”)

On 20 March 2020, the Group, as purchaser, and an independent third party, as vendor, entered into a sale and purchase agreement, pursuant to which the vendor has agreed to sell and the purchaser has agreed to acquire 60% issued share capital of Ayasa Globo BVI for a consideration of HK\$42,000,000 (equivalent to RMB38,290,000).

Ayasa Global BVI is principally engaged in investment holding. The subsidiaries of Ayasa Global BVI are 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. The acquisition of Ayasa Globo BVI was completed on 29 April 2020. Following completion, Ayasa Globo BVI became a subsidiary of the Company. The acquisition of Ayasa Globo BVI is to allow the Company to achieve a synergy effect with the fund setup and administration business.

The acquisition of Ayasa Globo BVI has been accounted for using the purchase method.

Pursuant to the sale and purchase agreement, the Group shall have the right to exercise the put option (the “Put Option”) at its discretion to require the vendor, to purchase 60% of the issued shares of Ayasa Globo BVI from the Group at a purchase price of HK\$42 million, in the sole event that the accumulated actual audited consolidated profit before tax of Ayasa Globo BVI for the two financial years ending 31 March 2021 and 31 March 2022 is less than HK\$15,720,000 (the “Profit Achievement”).

In the opinion of the Group’s management, the fair value of the Put Option is insignificant as it is believed that the Profit Achievement will be achieved by Ayasa Globo BVI, accordingly, the Put Option is not recognised in the consolidated financial statements.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 21. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of Ayasa Globo Financial Service (BVI) Limited (“Ayasa Globo BVI”) (continued)

An analysis of assets and liabilities of Ayasa Globo BVI and its subsidiaries at the date of acquisition:

|   | RMB'000<br>(unaudited) |
|---|------------------------|
| <b>Assets</b>                                 |                        |
| Property, plant and equipment                 | 1,447                  |
| Right-of-use assets                           | 2,131                  |
| Trade receivables                             | 5,358                  |
| Prepayments, deposits and other receivables   | 948                    |
| Income tax recoverable                        | 311                    |
| Cash and cash equivalents                     | 13,715                 |
| <b>Liabilities</b>                            |                        |
| Trade payables                                | (1,259)                |
| Amount due to non-controlling interest        | (6,109)                |
| Other payables and accruals                   | (11,082)               |
| Lease liabilities                             | (2,131)                |
| Income tax payable                            | (1,471)                |
| <b>Total identifiable net assets acquired</b> | <b>1,858</b>           |

|   | RMB'000<br>(unaudited) |
|---|------------------------|
| Consideration transferred                             |                        |
| – Cash paid   | 38,290                 |
| Non-controlling interests                             | 742                    |
| Recognised amount of identifiable net assets acquired | (1,858)                |
| <b>Goodwill arising on acquisition</b>                | <b>37,174</b>          |

An analysis of cash flows in respect of the acquisition of Ayasa Globo BVI and its subsidiaries is as follows:

|   | RMB'000<br>(unaudited) |
|---|------------------------|
| Consideration paid in cash                      | (38,290)               |
| Cash and cash equivalents acquired              | 13,715                 |
| <b>Net outflow of cash and cash equivalents</b> | <b>(24,575)</b>        |

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 21. ACQUISITION OF SUBSIDIARIES (continued)

#### (b) Acquisition of Real Power International Group Limited (“Real Power”)

Real Power was a 20% equity-owned associate of the Group as at 31 December 2018. On 1 March 2019, the Company as purchaser, and Pine Victory Limited (“Pine Victory”), as a vendor, entered into a sales and purchase agreement, pursuant to which the vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire 80% of the issued share capital of Real Power not owned by the Group for a consideration of HK\$42,000,000. Real Power and its subsidiaries are principally engaged in the food and beverage service industry in particularly trading of frozen agricultural products.

The acquisition of 80% equity interest in Real Power was completed on 29 May 2019. Following completion, Real Power and its subsidiaries became a wholly-owned subsidiaries of the Company. The acquisition of Real Power is to enable the Group to engage in provision of food and beverage services in Hong Kong.

An analysis of assets and liabilities of Real Power and its subsidiaries at the date of acquisition:

|  | RMB'000<br>(unaudited) |
|--|------------------------|
| <b>Assets</b>  |                        |
| Property, plant and equipment  | 75                     |
| Inventories  | 23,474                 |
| Trade receivables  | 36,128                 |
| Other receivables  | 139                    |
| Cash and cash equivalents  | 6,639                  |
| <b>Liabilities</b>   |                        |
| Trade payables   | (79)                   |
| Due to ultimate holding company  | (2,820)                |
| Other payables and accruals  | (4,977)                |
| <b>Total identifiable net assets acquired</b>                            | <b>58,579</b>          |
| <b>Consideration transferred</b>   |                        |
| – Cash paid by the Company   | 19,385                 |
| – Shares issued by the Company   | 30,666                 |
| Total consideration for acquisition of 80% equity interest in Real Power | 50,051                 |
| Fair value of 20% equity interest in Real Power held by the Group        | 11,051                 |
| Recognised amount of identifiable net assets acquired                    | (58,579)               |
| <b>Goodwill arising on acquisition</b>                                   | <b>2,523</b>           |

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 21. ACQUISITION OF SUBSIDIARIES (continued)

#### (b) Acquisition of Real Power International Group Limited (“Real Power”) (continued)

Impairment of the goodwill arising on acquisition amounted to RMB2,523,000 was recognised in profit or loss in respect of the comparative six months ended 30 June 2019 and included in other expenses (note 6).

An analysis of cash flows in respect of the acquisition of Real Power and its subsidiaries is as follows:

|   | RMB'000<br>(unaudited) |
|---|------------------------|
| Consideration paid in cash                      | <b>(19,385)</b>        |
| Cash and cash equivalents acquired              | <b>6,639</b>           |
| <b>Net outflow of cash and cash equivalents</b> | <b>(12,746)</b>        |

#### (c) Acquisition of China Cold Chain Limited (“China Cold Chain”)

On 4 June 2019, the Group as purchaser, and certain third parties, as “vendors”, entered into a sales and purchase agreement, pursuant to which the vendors has agreed to sell and the Group has agreed to acquire the 100% issued share capital of China Cold Chain for a consideration of HK\$800,000 (equivalent to RMB705,000).

China Cold Chain is principally engaged in provision of frozen warehouse services business. The acquisition of China Cold Chain was completed on 4 June 2019. Following completion, China Cold Chain became a wholly-owned subsidiary of the Company. The acquisition of China Cold Chain is to allow the Company to achieve a synergy effect with the food and beverage service business.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 21. ACQUISITION OF SUBSIDIARIES (continued)

#### (c) Acquisition of China Cold Chain Limited (“China Cold Chain”) (continued)

An analysis of assets and liabilities of China Cold Chain at the date of acquisition:

|   | RMB'000<br>(unaudited) |
|---|------------------------|
| <b>Assets</b>                                 |                        |
| Property, plant and equipment                 | 851                    |
| Prepayments, deposits and other receivables   | 518                    |
| Cash and cash equivalents                     | 27                     |
| <b>Liabilities</b>                            |                        |
| Trade payables                                | (8)                    |
| Other payables and accruals                   | (591)                  |
| Tax payables                                  | (1)                    |
| <b>Total identifiable net assets acquired</b> | <b>796</b>             |
| <b>Total consideration for acquisition</b>    |                        |
|   | <b>(705)</b>           |
| <b>Total identifiable net assets acquired</b> | <b>796</b>             |
| <b>Gain on acquisition (Note 5)</b>           | <b>91</b>              |

An analysis of cash flows in respect of the acquisition of China Cold Chain is as follows:

|   | RMB'000<br>(unaudited) |
|---|------------------------|
| Consideration paid in cash                      | (705)                  |
| Cash and cash equivalents acquired              | 27                     |
| <b>Net outflow of cash and cash equivalents</b> | <b>(678)</b>           |

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

**22. DISPOSAL OF SUBSIDIARIES**

|  | <b>Six months<br/>ended<br/>30 June<br/>2020<br/>RMB'000</b> | Six months<br>ended<br>30 June<br>2019<br>RMB'000 |
|--|--|---|
| Net cash inflow of cash and cash equivalents on disposal of: |  |   |
| – Ample Chance Limited (note (a))                            | –  | –   |
|  | –  | –   |

**(a) Disposal of subsidiary during the six months ended 30 June 2020***Disposal of Ample Chance*

On 22 June 2020, the Company disposed 100% equity interest in a subsidiary, Ample Chance, for an aggregate cash consideration of HK\$1 to an independent third party. Ample Chance and its subsidiary are principally engaged in the investment holding. The disposal was completed on 22 June 2020.

The net assets disposed and cash and cash equivalents were RMB Nil. The net cash inflow from disposal of subsidiaries were RMB1.

Loss on disposal of a subsidiary

|   | RMB'000     |
|---|-------------|
| Cash consideration                                  | –           |
| Net assets disposed of                              | –           |
| Exchange fluctuation reserve released upon disposal | (65)        |
| <b>Loss on disposal of a subsidiary (note 6)</b>    | <b>(65)</b> |

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 22. DISPOSAL OF SUBSIDIARIES (continued)

#### (b) Disposal of subsidiary not completed at end of the reporting period

On 19 May 2020, the Company entered into a contract with Beijing Huitongda Supply Chain Management Co., Limited (“Beijing Huitongda”), an independent third party, to dispose of the Group’s 100% equity interest in a subsidiary, Frog Prince (Fujian) Baby & Child Care Products Co., Limited (青蛙王子(福建)婴童護理用品有限公司 (“Frog Prince Baby”)), for a consideration of RMB50,000,000. Pursuant to the related agreement for disposal, the consideration of RMB50,000,000 will be settled to the Group by way of offsetting against the outstanding loan from Beijing Huitongda, on a dollar-for-dollar basis, amounted to RMB50,000,000 which was included in the bank and other borrowings as at 30 June 2020.

Completion of the disposal of 100% equity interest in Frog Prince Baby has not taken place at the end of the reporting period and up to the date of the approval of these consolidated financial statements. Details of the disposal are set out in the Company’s announcement dated 19 May 2020, 10 July 2020 and 12 August 2020.

### 23. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

|  | <b>30 June<br/>2020<br/>RMB'000<br/>(unaudited)</b> | 31 December<br>2019<br>RMB'000<br>(audited) |
|--|---|---|
| Contracted, but not provided for:                  |   |   |
| Purchase of items of property, plant and equipment | <b>10,598</b>                                       | 1,323                                       |

### 24. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2020 and 31 December 2019.



## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 25. RELATED PARTY TRANSACTIONS

- (i) In addition to the transactions detailed elsewhere in these condensed consolidated interim financial statements, the Group had the following material transactions with related parties during the period:

|                       | Notes | Six months ended 30 June       |                                |
|-----------------------|-------|--------------------------------|--------------------------------|
|                       |       | 2020<br>RMB'000<br>(unaudited) | 2019<br>RMB'000<br>(unaudited) |
| Associates:           |       |                                |                                |
| Sales of products     | (a)   | 51,160                         | 73,515                         |
| Purchases of products | (a)   | 13,277                         | 5,296                          |
| Miscellaneous income  | (a)   | –                              | 475                            |
| License fee           | (b)   | 7,000                          | –                              |

Notes:

- (a) Sales to, purchases from and miscellaneous income from an associate, Fujian Herun Supply Chain Management Ltd. were made on mutually agreed terms.
- (b) License fee paid to associate, Frog Prince Brand, was made on mutually agreed terms.

- (ii) Compensation of key management personnel of the Group

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2020<br>RMB'000<br>(unaudited) | 2019<br>RMB'000<br>(unaudited) |
| Short term employee benefits                        | 124                            | 280                            |
| Post-employment benefits                            | 6                              | 13                             |
| Total compensation paid to key management personnel | 130                            | 293                            |

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 26. FAIR VALUE OF FINANCIAL INSTRUMENTS

- (a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

The Group's equity securities listed in Hong Kong and unlisted investment fund included in financial assets at FVTOCI and listed bonds, fixed coupon notes and wealth management product included in financial assets at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

| Financial assets                      | Fair value as at        |                             | Fair value hierarchy | Valuation technique(s) and key input(s)  |
|---------------------------------------|-------------------------|-----------------------------|----------------------|--|
|                                       | 30 June 2020<br>RMB'000 | 31 December 2019<br>RMB'000 |                      |  |
| Financial assets at FVTOCI            |                         |                             |                      |  |
| Equity securities listed in Hong Kong | 8,404                   | 7,353                       | Level 1              | Quoted bid prices in an active market  |
| Unlisted investment fund              | 23,593                  | 25,211                      | Level 2              | Quoted bid prices of listed securities held by the fund  |
| Financial assets at FVTPL             |                         |                             |                      |  |
| Listed bonds                          | 3,670                   | –                           | Level 1              | Quoted bid prices in an active market  |
| Fixed coupon notes                    | 26,111                  | –                           | Level 3              | Monte Carlo simulation<br>Key unobservable inputs:<br>Volatility, drift rate and discount rate |
| Wealth management product             | 9,200                   | –                           | Level 3              | Latest transaction price   |

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 26. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

- (a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis. (continued)

The fair value of all the equity securities listed in Hong Kong at 30 June 2020 is measured based on the quoted bid price as at 30 June 2020, being the last trading date of the securities for the period ended 30 June 2020.

The fair value of unlisted investment fund at 30 June 2020 is measured based on the valuation performed by fund managers by reference to quoted bid prices of the listed securities held by the fund.

The fair value of listed bonds in Singapore at 30 June 2020 is measured based on the quoted bid price as at 30 June 2020, being the last trading date of the bonds for the period ended 30 June 2020.

The fair value of a fixed coupon note is determined as the average of the results based on 5,000 iterations of the underlying assets by Monte Carlo Simulation. Key unobservable inputs include volatility, drift rate and discount rate, the higher volatility and discount rate, the lower the fair value and the higher drift rate, the higher the fair value.

The fair value of wealth management product is measured based on the latest transaction price. Key unobservable input includes latest transaction price, the lower the latest transaction price the lower the fair value.

There were no transfers between Level 1 and 2 in the period.

- (b) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis but fair value disclosures are required.

The directors consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the consolidated financial statements approximate their fair values. The fair values, which are included in Level 3 categories, have been determined in accordance with generally accepted pricing models based on a discounted cash flows analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2020

### 26. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (c) Reconciliation of Level 3 fair value measurements

Movements during the six months ended 30 June 2020 of the financial assets using Level 3 fair value measurements are as follows:

|   | <b>Fixed<br/>coupon<br/>notes</b><br>RMB'000 | <b>Wealth<br/>management<br/>product</b><br>RMB'000 | <b>Total</b><br>RMB'000 |
|---|--|---|-------------------------|
| Fair value at 1 January 2020                              | –  | –   | –                       |
| Purchases   | 113,133                                      | 9,200   | 122,333                 |
| Settlement  | (86,856)                                     | –   | (86,856)                |
| Fair value loss recognised<br>in profit or loss (note ii) | (323)  | –   | (323)                   |
| Exchange realignment (note iii)                           | 157  | –   | 157                     |
| Fair value at 30 June 2020                                | 26,111                                       | 9,200   | 35,311                  |

The Group had no financial assets during the six months ended 30 June 2019 using Level 3 fair value measurements.

Notes:

- (i) During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.
- (ii) Net fair value loss recognised in profit or loss amounting to HK\$323,000 relates to fixed coupon notes held at the end of the current reporting period. Fair value loss on fixed coupon notes is included in "other expenses".
- (iii) The exchange realignment amounted to HK\$157,000 for the six months ended 30 June 2020 relating to fixed coupon notes is included in exchange fluctuation reserve presented in the condensed consolidated statement of changes in equity.

### 27. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 28 August 2020.

# Supplementary Information to the Interim Report

## SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group. Details of movements of the Company's share options, granted under the share option scheme, during the six months ended 30 June 2020 are as follows:

| Name or category of participants  | Date of grant<br>(Note 1) | Exercise price per share<br>(HK\$) | Number of options                |                           |                             |                             |                                     | Exercise period<br>(Note 2) |                                |
|---|---------------------------|------------------------------------|----------------------------------|---------------------------|-----------------------------|-----------------------------|-------------------------------------|-----------------------------|--------------------------------|
|   |                           |                                    | Outstanding as at 1 January 2020 | Granted during the period | Exercised during the period | Cancelled during the period | Forfeited/ lapsed during the period |                             | Outstanding as at 30 June 2020 |
| <b>Non-executive Directors</b>  |                           |                                    |                                  |                           |                             |                             |                                     |                             |                                |
| Mr. Li Zhouxin<br>(re-designated from executive director on 30 June 2017) | 21 June 2012              | 2.94                               | 90,000                           | -                         | -                           | -                           | -                                   | 90,000                      | E                              |
|   |                           |                                    | 90,000                           | -                         | -                           | -                           | -                                   | 90,000                      | F                              |
|   |                           |                                    | 180,000                          | -                         | -                           | -                           | -                                   | 180,000                     |                                |
|   | 26 September 2014         | 1.83                               | 120,000                          | -                         | -                           | -                           | -                                   | 120,000                     | G                              |
|   |                           |                                    | 90,000                           | -                         | -                           | -                           | -                                   | 90,000                      | H                              |
|   |                           |                                    | 90,000                           | -                         | -                           | -                           | -                                   | 90,000                      | I                              |
|   |                           |                                    | 300,000                          | -                         | -                           | -                           | -                                   | 300,000                     |                                |
|   | 18 January 2016           | 0.81                               | 400,000                          | -                         | -                           | -                           | -                                   | 400,000                     | J                              |
|   |                           |                                    | 300,000                          | -                         | -                           | -                           | -                                   | 300,000                     | K                              |
|   |                           |                                    | 300,000                          | -                         | -                           | -                           | -                                   | 300,000                     | L                              |
|   |                           |                                    | 1,000,000                        | -                         | -                           | -                           | -                                   | 1,000,000                   |                                |
| <b>Sub-total</b>  |                           |                                    | <b>1,480,000</b>                 | -                         | -                           | -                           | -                                   | <b>1,480,000</b>            |                                |

## Supplementary Information to the Interim Report (continued)

## SHARE OPTION SCHEME (continued)

| Name or category of participants | Date of grant<br>(Note 1) | Exercise price per share<br>(HK\$) | Number of options                         |                                 |                                   |                                   |  | Exercise period<br>(Note 2) |   |
|----------------------------------|---------------------------|------------------------------------|---|---------------------------------|-----------------------------------|-----------------------------------|--|-----------------------------|---|
|                                  |                           |                                    | Outstanding<br>as at<br>1 January<br>2020 | Granted<br>during<br>the period | Exercised<br>during<br>the period | Cancelled<br>during<br>the period | Forfeited/<br>lapsed<br>during<br>the period |                             | Outstanding<br>as at<br>30 June<br>2020 |
| Former Directors                 | 14 October 2011           | 1.92                               | 1,720,000                                 | -                               | -                                 | -                                 | -  | 1,720,000                   | A                                       |
|                                  |                           |                                    | 1,890,000                                 | -                               | -                                 | -                                 | -  | 1,890,000                   | B                                       |
|                                  |                           |                                    | 1,890,000                                 | -                               | -                                 | -                                 | -  | 1,890,000                   | C                                       |
|                                  |                           |                                    | 5,500,000                                 | -                               | -                                 | -                                 | -  | 5,500,000                   |   |
|                                  | 21 June 2012              | 2.94                               | 1,544,000                                 | -                               | -                                 | -                                 | -  | 1,544,000                   | D                                       |
|                                  |                           |                                    | 1,158,000                                 | -                               | -                                 | -                                 | -  | 1,158,000                   | E                                       |
|                                  |                           |                                    | 1,158,000                                 | -                               | -                                 | -                                 | -  | 1,158,000                   | F                                       |
|                                  |                           |                                    | 3,860,000                                 | -                               | -                                 | -                                 | -  | 3,860,000                   |   |
|                                  | 26 September 2014         | 1.83                               | 3,040,000                                 | -                               | -                                 | -                                 | -  | 3,040,000                   | G                                       |
|                                  |                           |                                    | 2,280,000                                 | -                               | -                                 | -                                 | -  | 2,280,000                   | H                                       |
|                                  |                           |                                    | 2,280,000                                 | -                               | -                                 | -                                 | -  | 2,280,000                   | I                                       |
|                                  |                           |                                    | 7,600,000                                 | -                               | -                                 | -                                 | -  | 7,600,000                   |   |
| 18 January 2016                  | 0.81                      | 4,440,000                          | -   | -                               | -                                 | -                                 | 4,440,000                                    | J                           |   |
|                                  |                           | 3,330,000                          | -   | -                               | -                                 | -                                 | 3,330,000                                    | K                           |   |
|                                  |                           | 3,330,000                          | -   | -                               | -                                 | -                                 | 3,330,000                                    | L                           |   |
|                                  |                           | 11,100,000                         | -   | -                               | -                                 | -                                 | 11,100,000                                   |                             |   |
| <i>Sub-total</i>                 |                           |                                    | <i>28,060,000</i>                         | -                               | -                                 | -                                 | -  | <i>28,060,000</i>           |   |
| <b>Total for directors</b>       |                           |                                    | <b>29,540,000</b>                         | -                               | -                                 | -                                 | -  | <b>29,540,000</b>           |   |

## Supplementary Information to the Interim Report (continued)

## SHARE OPTION SCHEME (continued)

| Name or category of participants          | Date of grant<br>(Note 1) | Exercise price per share<br>(HK\$) | Number of options                         |                                 |                                   |                                   |                  | Forfeited/<br>lapsed<br>during<br>the period | Outstanding<br>as at<br>30 June<br>2020 | Exercise period<br>(Note 2) |
|---|---------------------------|------------------------------------|---|---------------------------------|-----------------------------------|-----------------------------------|------------------|--|---|-----------------------------|
|   |                           |                                    | Outstanding<br>as at<br>1 January<br>2020 | Granted<br>during<br>the period | Exercised<br>during<br>the period | Cancelled<br>during<br>the period |                  |  |   |                             |
| Employees of the Group<br>in aggregate    | 14 October 2011           | 1.92                               | 352,400                                   | -                               | -                                 | -                                 | -                | 352,400                                      | A                                       |                             |
|   |                           |                                    | 1,477,800                                 | -                               | -                                 | -                                 | -                | 1,477,800                                    | B                                       |                             |
|   |                           |                                    | 1,513,800                                 | -                               | -                                 | -                                 | -                | 1,513,800                                    | C                                       |                             |
|   |                           |                                    | 3,344,000                                 | -                               | -                                 | -                                 | -                | 3,344,000                                    |   |                             |
|   | 21 June 2012              | 2.94                               | 761,600                                   | -                               | -                                 | -                                 | -                | 761,600                                      | D                                       |                             |
|   |                           |                                    | 1,162,200                                 | -                               | -                                 | -                                 | (9,000)          | 1,153,200                                    | E                                       |                             |
|   |                           |                                    | 1,162,200                                 | -                               | -                                 | -                                 | (9,000)          | 1,153,200                                    | F                                       |                             |
|   |                           |                                    | 3,086,000                                 | -                               | -                                 | -                                 | (18,000)         | 3,068,000                                    |   |                             |
|   | 26 September 2014         | 1.83                               | 5,916,000                                 | -                               | -                                 | -                                 | (120,000)        | 5,796,000                                    | G                                       |                             |
|   |                           |                                    | 4,437,000                                 | -                               | -                                 | -                                 | (90,000)         | 4,347,000                                    | H                                       |                             |
|   |                           |                                    | 4,437,000                                 | -                               | -                                 | -                                 | (90,000)         | 4,347,000                                    | I                                       |                             |
|   |                           |                                    | 14,790,000                                | -                               | -                                 | -                                 | (300,000)        | 14,490,000                                   |   |                             |
| 18 January 2016                           | 0.81                      | 6,914,600                          | -   | -                               | -                                 | (120,000)                         | 6,794,600        | J  |   |                             |
|   |                           | 5,185,950                          | -   | -                               | -                                 | (90,000)                          | 5,095,950        | K  |   |                             |
|   |                           | 5,185,950                          | -   | -                               | -                                 | (90,000)                          | 5,095,950        | L  |   |                             |
|   |                           | 17,286,500                         | -   | -                               | -                                 | (300,000)                         | 16,986,500       |  |   |                             |
| <b>Total for employees</b>                |                           |                                    | <b>38,506,500</b>                         | -                               | -                                 | -                                 | <b>(618,000)</b> | <b>37,888,500</b>                            |   |                             |
| Distributors of the Group<br>in aggregate | 20 January 2016           | 0.81                               | 3,880,000                                 | -                               | -                                 | -                                 | -                | 3,880,000                                    | M                                       |                             |
|   |                           |                                    | 2,910,000                                 | -                               | -                                 | -                                 | -                | 2,910,000                                    | N                                       |                             |
|   |                           |                                    | 2,910,000                                 | -                               | -                                 | -                                 | -                | 2,910,000                                    | O                                       |                             |
| <b>Total for distributors</b>             |                           |                                    | <b>9,700,000</b>                          | -                               | -                                 | -                                 | -                | <b>9,700,000</b>                             |   |                             |
| <b>TOTAL</b>                              |                           |                                    | <b>77,746,500</b>                         | -                               | -                                 | -                                 | <b>(618,000)</b> | <b>77,128,500</b>                            |   |                             |

## Supplementary Information to the Interim Report (continued)

### SHARE OPTION SCHEME (continued)

#### Notes:

1. The closing prices of the Company's shares immediately before the dates of grant on 14 October 2011, 21 June 2012, 26 September 2014, 18 January 2016, 20 January 2016 and 24 May 2017 were HK\$1.98, HK\$2.94, HK\$1.86, HK\$0.64, HK\$0.67 and HK\$0.36, respectively.
2. The respective exercise periods of the share options granted are as follows:
  - A: From 14 October 2012 to 13 October 2021
  - B: From 14 October 2013 to 13 October 2021
  - C: From 14 October 2014 to 13 October 2021
  - D: From 21 June 2013 to 20 June 2022
  - E: From 21 June 2014 to 20 June 2022
  - F: From 21 June 2015 to 20 June 2022
  - G: From 26 September 2015 to 25 September 2024
  - H: From 26 September 2016 to 25 September 2024
  - I: From 26 September 2017 to 25 September 2024
  - J: From 18 January 2017 to 27 December 2025
  - K: From 18 January 2018 to 27 December 2025
  - L: From 18 January 2019 to 27 December 2025
  - M: From 20 January 2017 to 27 December 2025
  - N: From 20 January 2018 to 27 December 2025
  - O: From 20 January 2019 to 27 December 2025
  - P: From 24 May 2017 to 23 May 2027

The vesting period of the share options is from the date of grant until the commencement of the exercise period.

3. The number and/or exercise price of the options may be subject to adjustments in the case of rights or bonus issues, or other changes in the Company's share capital.



## Supplementary Information to the Interim Report (continued)

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, the interests of the directors of the Company in the shares and underlying shares of the Company, which were required, pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code", Appendix 10 to the Listing Rules), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the underlying shares of the Company (physically settled unlisted equity derivatives) – share options

| Name of director | Nature of interests | Number of<br>underlying shares<br>interested | Percentage* of<br>underlying shares<br>over the Company's<br>issued share capital |
|------------------|---------------------|--|---|
| Mr. Li Zhouxin   | Beneficial owner    | 1,480,000                                    | 0.08%   |

\* The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 June 2020.

Save as disclosed above and in the above section headed "Share Option Scheme", as at 30 June 2020, none of the directors or chief executive of the Company had registered an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## Supplementary Information to the Interim Report (continued)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the ordinary shares of the Company

| Name of substantial shareholder | Nature of interests                         | Number of ordinary shares interested | Percentage* of the Company's issued share capital |
|---------------------------------|---|--------------------------------------|---|
| Golden Sparkle Limited          | Beneficial owner (Note 1)                   | 263,308,500                          | 14.55%  |
| Mr. Lai Wai Lam Ricky           | Interest of controlled corporation (Note 1) | 263,308,500                          | 14.55%  |
| Ms. Cheng Wan Gi                | Beneficial owner                            | 200,000,000                          | 11.05%  |
| Mr. Da Zhibiao                  | Beneficial owner                            | 140,382,500                          | 7.76%   |

Notes:

1. These shares were held by Golden Sparkle Limited, a controlled corporation of Mr. Lai Wai Lam Ricky. Accordingly, Mr. Lai Wai Lam Ricky was deemed to be interested in these shares pursuant to Part XV of the SFO.

\* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2020.

Save as disclosed above and in the above section headed "Share Option Scheme", as at 30 June 2020, no person had registered an interest or short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

### COMPLIANCE WITH THE 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. All the Directors have confirmed, following specific enquiry made by the Company, that they have complied with the required standard as set out in the Model Code during the Reporting Period.

## Supplementary Information to the Interim Report (continued)

### COMPLIANCE WITH THE WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES OF THE COMPANY

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' dealings in the Company's securities. Each director has been given a copy of the Model Code. Specific enquiry has been made of all the Company's directors and they have confirmed their compliance with the Model Code throughout the period ended 30 June 2020.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

### 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 period ended 30 June 2020.

### UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of directors of the Company are set out as follow:

- Mr. Lau Ka Ho was appointed as independent non-executive director of International Entertainment Corporation (a company listed on the main board of Stock Exchange; Stock Code: 1009) on 1 June 2020.
- Ms. Chan Sze Man was appointed as independent non-executive director of Chi Kan Holdings Limited (a company listed on the main board of Stock Exchange; Stock Code: 9913) on 17 July 2020.
- Mr. Sze Wine Him Jaime was appointed as non-executive director of the Company on 3 August 2020.

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

### AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**"), comprising the Company's three independent non-executive Directors, has reviewed the unaudited condensed consolidated results of the Company for the six months ended 30 June 2020, including accounting principles and practices adopted by the Group, and discussed financial reporting matters.