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PROSPEROUS FUTURE HOLDINGS LIMITED
未來發展控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1259)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2021:

Revenue decreased by about 14.0% from approximately RMB1,175.0 million of the same period in 2020 to approximately RMB1,010.5 million.

Gross profit decreased by about 19.1% over the same period in 2020 to approximately RMB206.3 million.

Gross profit margin decreased by around 1.3% over the same period in 2020 to approximately 20.4%.

Loss attributable to equity holders of the Company for the year amounted to approximately RMB90.6 million, as compared to loss attributable to equity holders of the Company amounted to approximately RMB33.9 million over the same period in 2020.

Basic loss per share attributable to equity holders of the Company amounted to approximately RMB4.4 cents, as compared to basic loss per share attributable to equity holders of the Company amounted to approximately RMB1.9 cents over the same period in 2020.

The board (the "**Board**") of directors (the "**Directors**") of Prosperous Future Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2021 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
Revenue	*5*	**1,010,464**	1,175,005
Cost of sales		**(804,124)**	(920,015)
Gross profit		**206,340**	254,990
Other income and gains	*6*	**17,929**	29,242
Loss on change in fair value of investment properties		**(6,476)**	(4,450)
Selling and distribution expenses		**(100,965)**	(88,155)
Administrative expenses		**(173,372)**	(161,947)
Impairment loss on goodwill		**–**	(3,595)
Other expenses	*7*	**(18,278)**	(55,224)
Finance costs	*8*	**(4,998)**	(4,674)
Share of (loss)/profit of associates		**(1,290)**	95
Share of profit of a joint venture		**–**	266
Loss before tax	*9*	**(81,110)**	(33,452)
Income tax expense	*10*	**(5,375)**	(4,463)
Loss for the year		**(86,485)**	(37,915)
Loss for the year attributable to equity holders of the Company		**(90,641)**	(33,909)
Profit/(loss) for the year attributable to non-controlling interests		**4,156**	(4,006)
Loss for the year		**(86,485)**	(37,915)

	Notes	**2021** **RMB'000**	2020 RMB'000
Loss for the year		**(86,485)**	(37,915)
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of operations outside Mainland China		**(13,280)**	(22,902)
Reclassification adjustment relating to foreign operations disposed of		**–**	29
		(13,280)	(22,873)
Item that will not be reclassified to profit or loss in subsequent periods:			
Loss on change in fair value of financial assets at fair value through other comprehensive income		**(5,115)**	(6,035)
		(5,115)	(6,035)
Total other comprehensive expense for the year		**(18,395)**	(28,908)
Total comprehensive expense for the year		**(104,880)**	(66,823)
Total comprehensive expense for the year attributable to equity holders of the Company		**(107,693)**	(60,116)
Total comprehensive income/(expense) for the year attributable to non-controlling interests		**2,813**	(6,707)
Total comprehensive expense for the year		**(104,880)**	(66,823)

	Notes	**2021** **RMB cents**	2020 RMB cents
Loss per share	*12*		
Basic		**(4.4)**	(1.9)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**108,236**	102,684
Right-of-use assets		**23,849**	24,516
Investment properties		**62,918**	71,570
Properties for development		**77,262**	82,937
Goodwill		**40,841**	37,174
Interests in associates		**–**	6,000
Interest in a joint venture		**–**	–
Financial assets at fair value through other comprehensive income		**50,406**	27,249
Deferred tax assets		**1,322**	1,524
Finance lease receivables	*15*	**4,626**	11,201
Factoring receivables		**174**	75
Loan and interest receivables	*13*	**3,946**	3,922
Prepayments, deposits and other receivables		**1,367**	1,412
		374,947	370,264
CURRENT ASSETS			
Inventories		**84,657**	48,261
Finance lease receivables	*15*	**3,881**	23,836
Factoring receivables		**2,197**	3,129
Loan and interest receivables	*13*	**18,594**	30,067
Trade and bills receivables	*14*	**192,776**	283,667
Prepayments, deposits and other receivables		**89,002**	117,638
Contract assets		**3,506**	1,627
Amount due from an associate		**–**	2,000
Amount due from a joint venture		**–**	2,346
Other financial assets		**17,313**	37,116
Income tax recoverable		**969**	755
Pledged bank deposits		**22,182**	38,072
Cash held on behalf of clients		**83,317**	111,884
Cash and bank balances		**364,204**	359,201
		882,598	1,059,599

	Notes	2021 RMB'000	2020 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	*16*	**358,122**	356,805
Other payables and accruals		**77,100**	43,208
Bank and other borrowings		**132,110**	158,098
Promissory notes payable		**1,834**	–
Amounts due to associates		**–**	103,161
Amounts due to non-controlling interests		**737**	1,460
Lease liabilities		**8,797**	6,595
Income tax payable		**4,584**	8,131
		583,284	677,458
NET CURRENT ASSETS		**299,314**	382,141
TOTAL ASSETS LESS CURRENT LIABILITIES		**674,261**	752,405
NON-CURRENT LIABILITIES			
Lease liabilities		**(12,469)**	(14,385)
Deferred tax liabilities		**(14,866)**	(14,760)
		(27,335)	(29,145)
NET ASSETS		**646,926**	723,260
EQUITY			
Share capital		**19,213**	15,348
Reserves		**585,156**	665,058
Equity attributable to equity holders of the Company		**604,369**	680,406
Non-controlling interests		**42,557**	42,854
TOTAL EQUITY		**646,926**	723,260

NOTES:

1. GENERAL INFORMATION

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

The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is located at 17/F., Fung House, Nos. 19-20 Connaught Road Central, Central, Hong Kong and in the People's Republic of China (the "**Mainland China**" or the "**PRC**") is located at No. 8, North 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, provision of food and beverage services, provision of financial business, properties holding, trading, provision of temperature-controlled storage and ancillary services and investment holding.

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

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standard Board ("**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

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

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

In addition, the Group has early applied the Amendment to IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021.

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "**Committee**") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

Impacts on application of Amendment to IFRS 16 Covid-19-Related Rent Concessions and early application of Amendment to IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has applied the Amendment to IFRS 16 *Covid-19-Related Rent Concessions* for the first time and early applied the Amendment to IFRS 16 *Covid-19-Related Rent Concessions* beyond 30 June 2021 in the current year retrospectively. The amendments introduce a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions that occurred as a direct consequence of the Covid-19 pandemic that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 Leases ("**IFRS 16**") if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of these amendments has had no material impact on the Group's financial positions and performance in the current and prior years as the Group opted not to apply the practical expedient, but applied the applicable requirements of IFRS 16 to account for rent concessions provided by certain lessors.

Impacts on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying IFRS 7 *Financial Instruments: Disclosures* ("**IFRS 7**").

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for financial instruments measured at amortised cost.

Impacts on application of the agenda decision of the Committee – Costs necessary to sell inventories (IAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to IFRS 3	Reference to the Conceptual Framework[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to IAS 8	Definition of Accounting Estimates[2]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[1]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[2]

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

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

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

Except for the new amendments to IFRSs mentioned, the directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments:

- update a reference in IFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting issued by International Accounting Standards Board in March 2018 (the "**Conceptual Framework**") instead of the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010);

- add a requirement that, for transactions and other events within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies IAS 37 or IFRIC 21 instead of Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. The application of the amendments is not expected to have a significant impact on the financial position and performance of the Group.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have a significant impact on the financial position and performance of the Group.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments provide clarification and additional guidance on the assessment of the right to defer settlement for at least twelve months from the reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date.

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

Based on the Group's outstanding liabilities as at 31 December 2021, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

IAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have a significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to IAS 8 – Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have a significant impact on the Group's consolidated financial statements.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, for transactions in which provisions for decommissioning and restoration are recognised with the corresponding amounts recognised as part of the cost of the related assets, the Group applies IAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 December 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB23,849,000 and RMB21,266,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with IAS 2 Inventories.

The application of the amendments is not expected to have a significant impact on the financial position and performance of the Group.

Amendments to IFRSs Annual Improvements to IFRSs 2018-2020

The annual improvements make amendments to the following standards.

IFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

IAS 41 Agriculture

The amendment ensures consistency with the requirements in IFRS 13 Fair Value Measurement by removing the requirement in paragraph 22 of IAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have a significant impact on the financial position and performance of the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

4. OPERATING SEGMENT INFORMATION

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

(a) Personal care products – manufacturing and sale of skin care, body and hair care products which can be classified as anti-epidemic products and general products

(b) Food and beverage – sale of frozen food and beverage products

(c) Financial business – provision of professional services, such as fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, data analysis, provision of services regarding dealing in securities and futures contracts, advising on securities and asset management services, securities investments, money lending, finance leasing and factoring

(d) Properties holding

(e) Others – trading and provision of temperature-controlled storage and ancillary services which provide storage services for frozen food and beverage products

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 profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income derived from bank deposits, gain on disposal of subsidiaries, other unallocated income and gains, equity-settled share-based payments, finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

For the current year under review, financial services segment, securities investment segment and financing business segment previously reported separately have been combined to financial business segment and temperature-controlled storage and ancillary services segment previously included in the food and beverage segment have been combined with trading of commodities segment to others segment 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 2020 and certain segment revenue and segment results for the year ended 31 December 2020 have been restated to conform with the presentation of segmental information adopted in respect of the current year.

These restatements of segments information have no impact on the Group's revenue and profit/loss for the current year and comparative prior year nor on the total assets and total liabilities of the Group as at 31 December 2021 and 31 December 2020.

Segment assets exclude unallocated property, plant and equipment, right-of-use assets, prepayments, deposits and other receivables, amount due from an associate, amount due from a joint venture, interests in associates, interest in a joint venture and cash and bank balances as these assets are managed on a group basis. Segment liabilities exclude unallocated other payables and accruals, lease liabilities, promissory notes payable, bank and other borrowings, income tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

	Personal care products *RMB'000*	Food and beverage *RMB'000*	Financial business *RMB'000*	Properties holding *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue and segment results Year ended 31 December 2021						
Revenue from external customers	**499,289**	**412,901**	**88,891**	**–**	**9,383**	**1,010,464**
Inter-segment revenue	**–**	**–**	**–**	**–**	**–**	**–**
Segment revenue	**499,289**	**412,901**	**88,891**	**–**	**9,383**	**1,010,464**
Segment (loss)/profit	**(54,772)**	**8,690**	**3,295**	**(10,672)**	**(1,883)**	**(55,342)**
Interest income from bank deposits						**1,593**
Gain on disposal of subsidiaries						**1,976**
Other unallocated income and gains						**415**
Equity-settled share-based payments						**(4,374)**
Corporate and other unallocated expenses						**(20,380)**
Finance costs						**(4,998)**
Loss before tax						**(81,110)**
Segment assets and segment liabilities As at 31 December 2021						
Segment assets	**413,758**	**112,465**	**442,646**	**143,417**	**21,213**	**1,133,499**
Goodwill						**40,841**
Corporate and other unallocated assets						**83,205**
Total assets						**1,257,545**
Segment liabilities	**388,678**	**40,827**	**139,779**	**19,153**	**13,700**	**602,137**
Corporate and other unallocated liabilities						**8,482**
Total liabilities						**610,619**

	Personal care products RMB'000	Food and beverage RMB'000	Financial business RMB'000	Properties holding RMB'000	Others RMB'000	Total RMB'000
Segment revenue and segment results						
Year ended 31 December 2020 (restated)						
Revenue from external customers	736,876	352,453	56,970	–	28,706	1,175,005
Inter-segment revenue	–	–	–	–	23	23
Segment revenue	736,876	352,453	56,970	–	28,729	1,175,028
Segment (loss)/profit	(17,643)	13,188	20,266	(16,484)	(4,778)	(5,451)
Interest income from bank deposits						2,771
Gain on disposal of subsidiaries						746
Gain on bargain purchase in connection with acquisition of a subsidiary						1,046
Reversal of impairment loss on interests in associates						5,500
Other unallocated income and gains						1,582
Impairment loss on goodwill						(3,595)
Corporate and other unallocated expenses						(31,377)
Finance costs						(4,674)
Loss before tax						(33,452)
Segment assets and segment liabilities						
As at 31 December 2020 (restated)						
Segment assets	447,789	97,920	523,468	157,851	33,947	1,260,975
Goodwill						37,174
Corporate and other unallocated assets						131,714
Total assets						1,429,863
Segment liabilities	414,211	17,223	168,761	18,987	18,818	638,000
Corporate and other unallocated liabilities						68,603
Total liabilities						706,603

	Personal care products *RMB'000*	Food and beverage *RMB'000*	Financial business *RMB'000*	Properties holding *RMB'000*	Others *RMB'000*	Total *RMB'000*
Other segment information:						
Year ended 31 December 2021						
Depreciation charge*	**15,190**	**362**	**3,440**	**–**	**6,479**	**25,471**
Unallocated						**1,612**
Total depreciation charge						**27,083**
Capital expenditure**	**23,451**	**907**	**796**	**–**	**39**	**25,193**
Unallocated						**35**
Total capital expenditure						**25,228**
Other segment information:						
Year ended 31 December 2020 (restated)						
Depreciation charge*	11,879	6,125	2,434	–	–	20,438
Unallocated						2,131
Total depreciation charge						22,569
Capital expenditure**	42,981	1,039	385	–	–	44,405
Unallocated						1,515
Total capital expenditure						45,920

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

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

Geographical information

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

	2021	2020
	RMB'000	*RMB'000*
PRC (excluding Hong Kong)	**269,175**	285,826
Hong Kong	**504,890**	406,498
USA	**197,614**	282,269
United Kingdom	**36,483**	145,642
Overseas (excluding USA and United Kingdom)	**2,302**	54,770
	1,010,464	1,175,005

Information about major customers

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

		2021	2020
		RMB'000	*RMB'000*
Customer A	Personal care products	**161,496**	184,430
Customer B	Personal care products	**145,210**	183,380

5. REVENUE

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

	2021	2020
	RMB'000	*RMB'000*
Revenue from sale of goods	**499,289**	747,571
Income from food and beverage business	**412,901**	352,453
Income from provision of professional services	**67,379**	29,580
Income from provision of services regarding dealing in securities and futures contracts	**1,257**	71
Income from asset management and advising on securities services	**7,739**	1,440
Income from provision of temperature-controlled storage and ancillary services	**9,383**	18,010
Revenue from contracts with customers	**997,948**	1,149,125
Interest income from finance lease business	**8,267**	4,556
Interest income from money lending business (note 13)	**4,263**	9,264
Interest income from financial assets at fair value through profit or loss	**1,483**	3,712
Fair value (loss)/gain on financial assets at fair value through profit or loss	**(1,497)**	8,348
	12,516	25,880
Total revenue	**1,010,464**	1,175,005

Disaggregation of revenue from contracts with customers

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

	2021	2020
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time	**950,420**	1,118,788
Over time	**47,528**	30,337
	997,948	1,149,125

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

Income from food and beverage business represents sales of frozen food and beverage products which is recognised at a point in time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers, being when the goods have been delivered to the customers.

Income from provision of professional services mainly includes services rendered for (i) fund set up is recognised over time in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided, (ii) fund administration and consultancy service which are recognised over time based on contractual terms specified in the underlying agreements, as the customer simultaneously receives and consumes the benefit providing by the Group performs and revenue can be measured reliably. and (iii) other corporate services which are recognised at a point in time when the services for the transactions are completed under the terms of each engagement, as only that time the Group has a present right to payment from the customers for the service performed.

Income from provision of services regarding dealing in securities and futures contracts is recognised at a point in time on a trade date basis when the relevant transactions are executed.

Income from asset management and advising on securities services is recognised over time based on contractual terms specified in the underlying agreements, as the customer simultaneously receives and consumes the benefit providing by the Group performs and revenue can be measured reliably.

Income from provision of temperature-controlled storage and ancillary services represents provision of storage services for frozen food and beverage products which is recognised over time based on contractual terms specified in the underlying agreements, as the customer simultaneously receives and consumes the benefit providing by the Group performs and revenue can be measured reliably.

Based on the terms and conditions of the contracts, the directors of the Company are of the opinion that the revenue from sales of goods, income from provision of food and beverage business, income from provision of temperature-controlled storage and ancillary services, income from provision of professional services, income from provision of services regarding dealing in Securities and futures contracts and income from asset management and advising on securities services are derived from services rendered for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

6. OTHER INCOME AND GAINS

	2021	2020
	RMB'000	*RMB'000*
Interest income from bank deposits	**1,593**	2,771
Income derived from other financial assets	**154**	870
Government subsidies *(note below)*	**6,807**	5,767
Gain on disposal of associates	**1,290**	–
Gain on disposal of subsidiaries	**1,976**	746
Gain on disposal of property, plant and equipment	**1,524**	6,223
Gain on bargain purchase in connection with acquisition of a subsidiary	**–**	1,046
Reversal of impairment loss on interests in associates	**–**	5,500
Reversal of impairment loss on loan and interest receivables *(note 13)*	**117**	2,592
Sundry income	**4,468**	3,727
	17,929	29,242

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

7. OTHER EXPENSES

	2021	2020
	RMB'000	*RMB'000*
Impairment loss on properties for development	**3,072**	11,124
Impairment loss on finance lease receivables *(note 15)*	**7,533**	2,855
Impairment loss on prepayments, deposits and other receivables	**–**	13,800
Impairment loss on trade and bills receivables *(note 14)*	**6,823**	20,075
Loan and interest receivables written off *(note 13)*	**564**	7,363
Others	**286**	7
	18,278	55,224

8. FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Interest on bank borrowings	**1,972**	1,335
Interest on other borrowings	**1,656**	1,982
Finance costs on lease liabilities	**1,370**	1,357
	4,998	4,674

9. LOSS BEFORE TAX

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

	2021	2020
	RMB'000	*RMB'000*
Cost of inventories sold *(note a below)*	**775,582**	831,437
Depreciation of property, plant and equipment *(note a below)*	**18,723**	14,949
Depreciation of right-of-use assets	**8,360**	7,620
Storage expenses	**15,963**	18,131
Short-term lease expenses	**1,784**	1,195
Employee benefit expenses (including directors' remuneration) *(notes a & b below):*		
Wages and salaries	**111,040**	119,138
Retirement benefit scheme contributions	**7,140**	4,739
Equity-settled share-based payment	**4,374**	–
Total staff costs	**122,554**	123,877
Auditor's remuneration		
– audit services	**1,976**	2,008
– non-audit services	**356**	554
Research and development costs included in administrative expenses *(note b below)*	**41,482**	38,468
Net foreign exchange losses	**2,282**	22,830

Notes:

(a) For the year ended 31 December 2021, the depreciation of property, plant and equipment and employee benefit expenses include amounts of RMB12,259,000 (2020: RMB8,049,000) and RMB48,937,000 (2020: RMB64,930,000) respectively which are also included in the cost of inventories sold.

(b) For the year ended 31 December 2021, the research and development costs include an amount of RMB11,170,000 (2020: RMB11,958,000) relating to staff costs for research and development activities, which also include in the total amounts of employee benefit expenses.

10. INCOME TAX EXPENSE

	2021	2020
	RMB'000	*RMB'000*
Hong Kong Profits Tax	**3,835**	3,055
PRC Enterprise Income Tax	**1,275**	284
Current tax expense	**5,110**	3,339
Deferred tax charge	**265**	1,124
Total income tax expense	**5,375**	4,463

11. DIVIDENDS

The directors of the Company do not recommend any payment of a dividend in respect of the year ended 31 December 2021 (2020: Nil).

12. LOSS PER SHARE

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

	2021	2020
	RMB'000	*RMB'000*
Loss		
Loss for the purpose of basic loss per share		
Loss for the year attributable to equity holders of the Company	**(90,641)**	(33,909)

	2021	2020
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,049,526**	1,810,123

The computation of diluted loss per share does not assume the exercise of the Company's share options granted because the exercise prices of those share options were higher than the average market prices for shares of the Company for both of the years ended 31 December 2021 and 31 December 2020.

Diluted loss per share for the years ended 31 December 2021 and 31 December 2020 are not presented as there were no other potential shares in issue for both years.

13. LOAN AND INTEREST RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Loan and interest receivables		
– within one year	**24,908**	36,709
– in the second to fifth years	**3,751**	3,685
– over the fifth years	**195**	237
	28,854	40,631
Less: impairment loss recognised	**(6,314)**	(6,642)
	22,540	33,989
Analysed for reporting as:		
Non-current assets	**3,946**	3,922
Current assets	**18,594**	30,067
	22,540	33,989

Movements during the year are as follows:

	2021	2020
	RMB'000	*RMB'000*
At 1 January	**33,989**	79,902
Loans made by the Group	**6,642**	52,673
Interest on loan receivables *(note 5)*	**4,263**	9,264
Loans and interest repaid by borrowers	**(21,011)**	(100,777)
Loan and interest receivables written off *(note 7)*	**(564)**	(7,363)
Reversal of impairment loss recognised *(note 6)*	**117**	2,592
Exchange realignment	**(896)**	(2,302)
At 31 December	**22,540**	33,989

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

	2021	2020
	RMB'000	*RMB'000*
At 1 January	**6,642**	9,655
Reversal of impairment loss recognised *(note 6)*	**(117)**	(2,592)
Exchange realignment	**(211)**	(421)
At 31 December	**6,314**	6,642

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

31 December 2021

Loan principal amount ***HK$'000***	**Number of borrowers**	**Interest rate per annum**	**Maturity date**	**Security pledged**
4,000	**1**	**10.0%**	**Within one year after 31 December 2021**	**Unlisted shares incorporated in Singapore**
28,080	**14**	**12.0% to 58.0%**	**Within one year to six years after 31 December 2021**	**Nil**
32,080				

31 December 2020

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

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

14. TRADE AND BILLS RECEIVABLES

	2021 *RMB'000*	2020 *RMB'000*
Trade receivables arising from provision of dealing in securities and futures contracts services *(note a)*	**52,603**	95,763
Trade and bills receivables arising from other business *(note b)*	**173,829**	214,743
	226,432	310,506
Less: allowance for trade and bills receivables from other business	**(33,656)**	(26,839)
	192,776	283,667

Notes:

(a) The trade receivables from dealing in securities and futures contracts services represent receivables from clearing house, brokers and cash clients. The settlement terms of these trade receivables are one to two days after trade date. The trade receivables are not past due as at 31 December 2021 based on settlement terms and are not impaired since they are settled subsequent to 31 December 2021. No aging analysis of the trade receivables from clearing house, brokers and cash clients are disclosed as management of the Group is of the view that the aging analysis does not give additional value in view of the nature of this business.

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

The Group's trading terms with its customers of other business are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days to 180 days (2020: 30 days to 180 days).

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

As at 31 December 2021, total bills received amounting to RMB8,700,000 (2020: Nil) are held by the Group for future settlement of trade receivables, of which no bills were further discounted by the Group. The Group continues to recognise its full carrying amounts at the end of the reporting period. All bills received by the Group are with a maturity period of less than one year.

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

	2021	2020
	RMB'000	*RMB'000*
Within 30 days	**53,253**	52,359
31 to 60 days	**21,268**	26,778
61 to 90 days	**14,580**	48,673
91 to 180 days	**19,047**	60,080
181 to 365 days	**31,645**	-
Over 365 days	**380**	14
	140,173	187,904

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

	2021	2020
	RMB'000	*RMB'000*
Neither past due nor impaired		
Past due but not impaired	**90,333**	115,900
– 1 to 30 days	**27,652**	69,712
– 31 to 90 days	**6,306**	2,078
– Over 90 days	**15,882**	214
Total	**140,173**	187,904

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

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

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

	2021	2020
	RMB'000	*RMB'000*
At 1 January	**26,839**	6,775
Impairment loss recognised *(note 7)*	**6,823**	20,075
Exchange realignment	**(6)**	(11)
At 31 December	**33,656**	26,839

15. FINANCE LEASE RECEIVABLES

	Minimum lease payments 2021 *RMB'000*	Minimum lease payments 2020 *RMB'000*	**Present value of minimum lease payments 2021** *RMB'000*	Present value of minimum lease payments 2020 *RMB'000*
Finance lease receivables:				
Within one year	**19,849**	34,702	**18,726**	26,691
In the second year	**176**	12,375	**169**	11,032
In the third year	**–**	176	**–**	169
	20,025	47,253	**18,895**	37,892
Less: unearned finance income	**(1,130)**	(9,361)	**–**	–
Present value of minimum lease payment receivables	**18,895**	37,892	**18,895**	37,892
Less: impairment loss recognised	**(10,388)**	(2,855)	**(10,388)**	(2,855)
	8,507	35,037	**8,507**	35,037

	2021 *RMB'000*	2020 *RMB'000*
Analysed for reporting as:		
Non-current assets	**4,626**	11,201
Current assets	**3,881**	23,836
	8,507	35,037

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

Interest rates implicit in the above finance leases ranged from 20.6% to 42.6% (2020: 19.3% to 42.6%) per annum, with an average effective interest rate of approximately 41.7% (2020: 39.9%).

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

16. TRADE AND BILLS PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables arising from dealing in securities and futures contracts services *(note a)*	**89,482**	88,934
Trade and bills payables arising from other business *(note b)*	**268,640**	267,871
	358,122	356,805

Notes:

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

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

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

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

	2021	2020
	RMB'000	*RMB'000*
Within 30 days	**66,123**	157,064
31 to 90 days	**85,765**	54,908
91 to 180 days	**66,746**	52,741
Over 180 days	**50,006**	3,158
	268,640	267,871

The trade payables are interest-free and are normally settled on terms of 30 days to 180 days (2020: 30 days to 180 days).

As at 31 December 2021, bills payables amounted to RMB65,630,000 (2020: RMB79,516,000) included in trade and bills payables were secured by the pledged bank deposits of RMB22,182,000 (2020: RMB38,072,000). These bills payables represented bills drawn on the Group's bankers with maturity period ranged from 6 months to 12 months against bills facilities obtained. Upon maturity, the banks would settle the amounts drawn on and a portion of the pledged deposits would be released.

MANAGEMENT DISCUSSION AND ANALYSIS

The principal activity of Prosperous Future Holdings Limited (the "**Company**") is investment holding. The subsidiaries are principally engaged in the manufacturing and sale of personal care products, provision of food and beverage services, provision of financial business, properties holding, trading, provision of temperature-controlled storage and ancillary services and investment holding. The Company and its subsidiaries are hereinafter referred to as the "**Group**".

BUSINESS REVIEW

Personal Care Products

During the year ended 31 December 2021 (the "**Reporting Period**"), the Group's business segment of personal care products contributed a total revenue of approximately RMB499.3 million, representing a decrease of about 32.2% over the last year (31 December 2020: approximately RMB736.9 million). The decrease in the turnover was mainly due to intensified market competition in the anti-epidemic products and the personal care products markets.

The total gross profit for personal care products business was approximately RMB94.1 million for the Reporting Period, representing a decrease of approximately 41.6% as compared with approximately RMB161.1 million for the year ended 31 December 2020. Gross profit margin decreased to approximately 18.8%, representing a decrease of approximately 3.1% compared with the last year. The decrease is mainly due to the increased manufacturing costs while such increased costs were not effectively passed through to the customers.

The personal care products business recorded a loss of approximately RMB54.8 million during the Reporting Period as compared with loss of approximately RMB17.6 million for the year ended 31 December 2020. The increase in loss is mainly due to intensified market competition in the anti-epidemic products and the personal care product markets.

Provision of Food and Beverage Services

During the Reporting Period, the Group's business segment of provision of food and beverage services business contributed a total revenue of approximately RMB412.9 million to the Group, representing an increase of about 17.2% over the last year (31 December 2020: approximately RMB352.4 million). The increase in the turnover was mainly due to increase in the demand for frozen foods such as meat and poultry for families in Hong Kong in response to the social-distancing measures and restrictions on restaurants dine-in services imposed by the government from time to time due to the COVID-19 pandemic.

The total gross profit for provision of food and beverage services was approximately RMB42.5 million for the Reporting Period, representing a decrease of approximately RMB5.7 million as compared with approximately RMB48.2 million for the year ended 31 December 2020. Gross profit margin decreased to approximately 10.3%, representing a decrease of approximately 3.4% compared with last year. The decrease in gross profit and gross profit margin is mainly due to increased procurement costs. Such increases in procurement costs were mostly absorbed by the Group since the competition of consumption market of frozen food got more intensified during the year. In addition, gross profit margin was further adversely affected by change in sales mix as a result of higher sales in low margin products.

The provision of food and beverage services business recorded a segment profit of approximately RMB8.7 million during the Reporting Period (31 December 2020: approximately RMB13.2 million). The decrease in profit is mainly due to lower margin as described above.

Provision of Financial Business

The Group's business segment of financial business includes securities investment, provision of professional services, provision of dealing in securities and futures contracts, advising on securities and asset management services, money lending, finance leasing and factoring business.

During the Reporting Period, the Group's business segment of provision of financial business contributed a total revenue of approximately RMB88.9 million to the Group (31 December 2020: approximately RMB57.0 million), representing an increase of about 56.0% over the last year.

The provision of financial business recorded a profit of approximately RMB3.3 million (31 December 2020: approximately RMB20.3 million).

– Securities Investment Business

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

For the Reporting Period, this business recorded a turnover of approximately RMB0.3 million (31 December 2020: approximately RMB12.0 million).

As at 31 December 2021, the Group had a portfolio of securities investment of approximately RMB67.7 million, which consisted of equity securities listed in Hong Kong and United States of approximately RMB14.4 million, unlisted investment funds of approximately RMB45.6 million and other unlisted investments of approximately RMB7.7 million.

The securities investment business recorded a loss of approximately RMB3.1 million (31 December 2020: profit of approximately RMB10.7 million) due to the volatility of global stock market.

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.

– Securities Brokerage, Asset Management and Professional Services Business

Following the acquisitions of Ayasa Globo Financial Services (BVI) Limited and its subsidiaries in April 2020 and acquisitions of Future Growth Financial Services Limited (formerly known as Goldenway Investments (HK) Limited), a company licensed to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**") and Future Growth Asset Management Limited (formerly known as Goldenway Asset Management Limited), a company licensed to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO in October 2020, the Group had commenced its business in fund set up and administration, securities brokerage, asset management and other professional services during the year 2020.

For the Reporting Period, this business recorded a turnover of approximately RMB76.1 million (31 December 2020: approximately RMB31.2 million) due to increase in demand of fund set up and administration services and professional consultancy services offered to our clients in Hong Kong.

The provision of professional services business recorded a profit of approximately RMB24.6 million (31 December 2020: approximately RMB9.0 million).

The Group will continue to provide tailor-made financial solutions and professional services in connection with financial products and funds to our clients in future.

– Money Lending, Finance Leasing and Factoring Business

For the year ended 31 December 2021, the Group continued with its money lending business in providing secured and unsecured loans to customers comprising individuals and corporations in Hong Kong and commenced its finance leasing and factoring business in the People's Republic of China (the "**PRC**") in 2020. This business recorded a turnover of approximately RMB12.5 million (31 December 2020: approximately RMB13.8 million) due to the Group's business strategy to allocate more resources on its securities brokerage, asset management and professional services business.

As at 31 December 2021, the Group has outstanding (i) unsecured loans of approximately RMB19.0 million with average effective interest rate of approximately 19.3% per annum with terms ranging from 12 months to 120 months; (ii) secured loan of approximately RMB3.5 million with effective interest rate of approximately 10.0% per annum with terms 12 months. The secured loans granted by the Group were typically secured by mortgages, charge on shares or assets. In the event of default or failure to repay any outstanding amounts by the debtors, the Group has the right to proceed with sale of collaterals; (iii) finance lease receivables of approximately RMB8.5 million with average effective interest rate of approximately 41.7% per annum and terms ranging from 3 to 36 months and (iv) factoring receivables of approximately RMB2.4 million with average effect interest rate of approximately 21.3% per annum with terms of 24 months.

The loan and interest receivables of approximately RMB0.6 million was written off during the Reporting Period (31 December 2020: approximately RMB7.4 million).

A reversal of impairment loss on loan and interest receivables of approximately RMB0.1 million was recognised during the Reporting Period (31 December 2020: approximately RMB2.6 million).

An impairment loss on finance lease receivables of approximately RMB7.5 million was provided during the Reporting Period (31 December 2020: approximately RMB2.9 million).

The provision of money lending, finance leasing and factoring business recorded a loss of approximately RMB18.2 million (31 December 2020: profit of approximately RMB0.6 million).

The Group will continue with its money lending business in providing secured and unsecured loans to potential customers comprising individuals and corporations in Hong Kong and will strive to maintain and grow its business.

Properties Holding

During the Reporting Period, the Group did not record any revenue from the business segment of properties holding business (31 December 2020: nil).

The properties holding business recorded a segment loss of approximately RMB10.7 million (31 December 2020: approximately RMB16.5 million).

An impairment loss on properties for development of approximately RMB3.1 million was provided during the Reporting Period (31 December 2020: approximately RMB11.1 million).

The loss on change in fair value of investment properties of approximately RMB6.5 million was provided during the Reporting Period (31 December 2020: approximately RMB4.5 million).

Others (Trading and Temperature-Controlled Storage Services)

The segment includes trading business and provision of temperature-controlled storage and ancillary services business. During the Reporting Period, this segment contributed a total revenue of approximately RMB9.4 million to the Group (31 December 2020: approximately RMB28.7 million).

This segment recorded a loss of approximately RMB1.9 million during the Reporting Period (31 December 2020: approximately RMB4.8 million).

– Trading

During the Reporting Period, the Group's trading business has not contributed any revenue (31 December 2020: approximately RMB10.7 million), which was mainly due to the Group's business strategy to focus on the development of other more promising business segments.

During the Reporting Period, the Group's trading business recorded a loss of approximately RMB4,000 (31 December 2020: approximately RMB1.7 million).

– Temperature-Controlled Storage Services

During the Reporting period, the Group's provision of temperature-controlled storage and ancillary services business contributed a total revenue of approximately RMB9.4 million to the Group, representing a decrease of about 47.8% over the last year (31 December 2020: approximately RMB18.0 million). The decline in revenue is due to decrease in the market demand in provision of temperature-controlled storage and ancillary services. Our customers lowered their stockpile of storage goods in response to COVID-19 pandemic as compared with the last year, resulting their demand over our provision of temperature-controlled storage and ancillary services decreased.

The provision of temperature-controlled storage and ancillary services business recorded a loss of approximately RMB1.9 million, representing a decrease of about 38.7% over the last year (31 December 2020: approximately RMB3.1 million). It is due to an improvement over gross margin as our management exercised stringent cost control and enhanced operational efficiency during the year.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group was approximately RMB1,010.5 million, representing a decrease of about 14.0% over the last year (for the year ended 31 December 2020: approximately RMB1,175.0 million).

Gross Profit and Gross Profit Margin

Gross profit of the Group for the Reporting Period was approximately RMB206.3 million, representing a decrease of about 19.1% as compared with the gross profit of approximately RMB255.0 million for the year ended 31 December 2020. The decrease in the gross profit was mainly due to decline in the revenue from the personal care products under intensified market competition and decrease in gross profit of personal care products business as the manufacturing costs increased.

During the Reporting Period, the gross profit margin decreased by approximately 1.3% over the last year to approximately 20.4% (for the year ended 31 December 2020: approximately 21.7%). The decrease in overall gross profit margin was primarily due to the decline in the gross profit margin for the personal care products business and provision of food and beverage services business.

The total gross profit for personal care products business was approximately RMB94.1 million for the Reporting Period, representing a decrease of approximately 41.6% as compared with approximately RMB161.1 million for the year ended 31 December 2020. Gross profit margin decreased to approximately 18.8%, representing a decrease of approximately 3.1% compared with the last year.

The gross profit for the provision of food and beverage services business for the Reporting Period was approximately RMB42.5 million (for the year ended 31 December 2020: approximately RMB48.0 million). Gross profit margin was approximately 10.3%, representing a decrease of approximately 3.4% compared with the last year.

The gross profit of provision of financial business for the Reporting Period was approximately RMB68.7 million (for the year ended 31 December 2020: approximately RMB46.3 million).

The Group did not record any gross profit for properties holding business for the Reporting Period (for the year ended 31 December 2020: nil).

The gross profit of the others segment (trading and provision of temperature-controlled storage and ancillary services) for the Reporting Period was approximately RMB1.8 million (gross loss for the year ended 31 December 2020: approximately RMB0.6 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 RMB101.0 million for the Reporting Period, representing an increase of about 14.5% as compared with approximately RMB88.2 million for the year ended 31 December 2020. The increase was mainly due to increase in advertising expenses to deal with intensified market competition.

The selling and distribution expenses accounted for approximately 10.0% of the revenue during the Reporting Period (for the year ended 31 December 2020: approximately 7.5%), among which, advertising and promotion expenses, as a percentage of revenue, increased from approximately 0.5% for the year ended 31 December 2020 to approximately 3.0% for the Reporting Period. The transportation expenses and other expenses, as a percentage of revenue, increased by approximately 0.4% to approximately 3.3% for the Reporting Period as compared with the last year (for the year ended 31 December 2020: approximately 2.9%).

Administrative Expenses

Administrative expenses primarily consisted of salaries and wages for administrative staff, depreciation, research and development costs and other expenses. Administrative expenses of the Group amounted to approximately RMB173.4 million for the Reporting Period (for the year ended 31 December 2020: approximately RMB161.9 million), representing an increase of approximately 7.1% over the last year. The increase was mainly due to full year effect of the increase in wages and salaries due to acquisition of Ayasa Globo BVI completed during 2020 and increase in share option expenses.

Administrative expenses accounted for approximately 17.2% of the Group's revenue for the Reporting Period (for the year ended 31 December 2020: approximately 13.8%).

Finance Costs

The Group had finance costs of approximately RMB5.0 million for the Reporting Period (for the year ended 31 December 2020: approximately RMB4.7 million).

Acquisition of Subsidiary

On 23 December 2020, the Group, as purchaser, and an independent third party, as vendor, entered into a sale and purchase agreement, pursuant to which the vendor agreed to sell and the purchaser agreed to acquire 60% issued share capital of Global Compliance Consulting Limited ("**GCC**") for a consideration of HK$4.5 million (equivalent to approximately RMB3.7 million). GCC is principally engaged in provision of consultancy services. Completion of the acquisition of GCC took place on 4 January 2021. Following completion, GCC became a subsidiary of the Company. The acquisition of GCC has been accounted for using the purchase method.

Disposal of Subsidiary

Disposal of 上海柒色蝌蚪母婴用品有限公司

On 7 February 2021, the Company entered into an agreement with an independent third party to dispose of 100% equity interest in a subsidiary, 上海柒色蝌蚪母嬰用品有限公司, for an aggregate cash consideration of RMB2.0 million. 上海柒色蝌蚪母嬰用品有限公司 and its subsidiary were principally engaged in sales of personal care products. The disposal was completed on 3 March 2021.

Net Loss and Net Loss Margin

For the Reporting Period, loss attributable to equity holders of the Company amounted to approximately RMB90.6 million as compared with loss attributable to equity holders of the Company of approximately RMB33.9 million for the year ended 31 December 2020. The net loss margin was approximately 9.0% as compared with the net loss margin of approximately 2.9% for the year ended 31 December 2020, with basic loss per share of approximately RMB4.4 cents (basic loss per share for the year ended 31 December 2020: approximately RMB1.9 cents).

Capital Expenditure

For the Reporting Period, the Group's material capital expenditure amounted to approximately RMB25.2 million (for the year ended 31 December 2020: approximately RMB45.9 million), which was mainly used for renovation of our plants and offices, construction work of our plants and warehouse and acquisition of new equipment.

Financial Resources and Liquidity

As at 31 December 2021, cash and bank balances of the Group amounted to approximately RMB364.2 million (31 December 2020: approximately RMB359.2 million). The current ratio was 1.5 (31 December 2020: 1.6). Our liquidity remained healthy. The uses of balance of cash and bank balances were mainly as follows: firstly, strengthening the operation of the margin financing business of the Group; secondly, developing the provision of food and beverage services business; and thirdly, pursuing potential acquisition and investment opportunities.

Fundraising Activities of the Group

On 11 June 2021, the Company entered into a placing agreement with Merdeka Securities Limited ("**Merdeka Securities**") pursuant to which Merdeka Securities had conditionally agreed, as agent of the Company, to procure on a best effort basis to not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 362,000,000 placing shares at the placing price of HK$0.068 per placing share. Completion of the said placing took place on 5 July 2021 and 362,000,000 placing shares were placed to not less than six placees at the placing price of HK$0.068 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$24.3 million, and the Group intends to use all of the net proceeds to develop its financial business, including but not limited to strengthening the operation of the margin financing the business of the Group. Details of the said placing are set out in the Company's announcements dated 11 June 2021 and 5 July 2021.

Loan and Interest Receivables

As at 31 December 2021, the Group's loan and interest receivables were approximately RMB22.5 million (31 December 2020: approximately RMB34.0 million). During the Reporting Period, the Group had provided loans of approximately RMB6.6 million (31 December 2020: approximately RMB52.7 million), with an average annual interest rate of approximately 11.0% (31 December 2020: approximately 15.2%).

A reversal of impairment loss on loan and interest receivables of approximately RMB0.1 million was made during the Reporting Period (provision for impairment loss for 31 December 2020: approximately RMB2.6 million).

The loan and interest receivables of approximately RMB0.6 million was written off during the Reporting Period (31 December 2020: approximately RMB7.4 million).

Finance Lease Receivables

As at 31 December 2021, the Group's finance lease receivables were approximately RMB8.5 million (31 December 2020: approximately RMB35.0 million). During the Reporting Period, the Group did not enter into any additional finance lease arrangement with customers (31 December 2020: approximately RMB43.2 million with an average interest rate of approximately 39.9%).

The impairment loss on finance lease receivables of approximately RMB7.5 million was made during the Reporting Period (31 December 2020: approximately RMB2.9 million).

Factoring Receivables

As at 31 December 2021, the Group's factoring receivables were approximately RMB2.4 million (31 December 2020: approximately RMB3.2 million). During the Reporting Period, the Group did not enter into any additional factoring arrangement with customers (31 December 2020: approximately RMB3.2 million with an average interest rate of approximately 21.7%).

Trade and Bills Receivables

As at 31 December 2021, the Group's trade and bills receivables were approximately RMB192.8 million (31 December 2020: approximately RMB283.7 million). The Group usually grants a credit period of 30 to 180 days to our customers.

The impairment loss on trade and bills receivables of approximately RMB6.8 million was made during the Reporting Period (31 December 2020: approximately RMB20.1 million)

Trade and Bills Payables

As at 31 December 2021, trade and bills payables were approximately RMB358.1 million (31 December 2020: approximately RMB356.8 million). The Group normally settled its payables on terms of 30 to 180 days and kept good payment records.

Inventories

As at 31 December 2021, inventories of the Group were approximately RMB84.7 million (31 December 2020: approximately RMB48.3 million). As at 31 December 2021, the inventory balance increased by approximately 75.4% over 31 December 2020.

Gearing Ratio

As at 31 December 2021, the current assets and total assets of the Group were approximately RMB882.6 million and RMB1,257.5 million respectively, the current liabilities and total liabilities of the Group were approximately RMB583.3 million and RMB610.6 million respectively. The gearing ratio (total liabilities/total assets) of the Group was approximately 48.6% (31 December 2020: approximately 49.4%).

Bank and Other Borrowings

As at 31 December 2021,

(i) the Group had bank borrowings of approximately RMB72.6 million (31 December 2020: approximately RMB50.0 million). Facilities were provided to the Group from banks in Hong Kong in the form of secured bank borrowings amounting to approximately RMB73.4 million and RMB0.6 million secured by a guarantee from the Company and a non-controlling interest respectively. Facilities were provided to the Group from banks in the PRC in the form of secured bank borrowings amounting to approximately RMB50.0 million (31 December 2020: Facilities were provided to the Group from banks in the PRC in relation to bank borrowings amounting to approximately RMB50.0 million with a guarantee from suppliers in the PRC); and

(ii) the Group had other secured borrowings of approximately RMB59.5 million (31 December 2020: approximately RMB108.1 million).

Pledge of Assets

As at 31 December 2021,

(i) the Group pledged deposits of approximately RMB22.2 million (31 December 2020: approximately RMB38.1 million) for short-term bank borrowings and bills payable;

(ii) investment property of approximately RMB62.9 million (31 December 2020: approximately RMB71.6 million) was pledged for other borrowings; and

(iii) shares of a subsidiary were pledged for other borrowings (31 December 2020: certain shares of subsidiaries were pledged for other borrowings).

Capital Structure

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

Risk of Foreign Exchange

The Group's business operations are denominated mainly in Renminbi ("**RMB**"), Hong Kong dollars ("**HK$**") and US dollars ("**USD**").

The Group's assets and liabilities are mainly denominated in RMB, HK$ and USD. Currently, the Group has not entered into any agreement or purchased any instrument to hedge the Group's foreign currency risk. Any material fluctuation in the exchange rates of RMB, HK$ or USD may have an impact on the financial results of the Group.

The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

Contingent Liabilities

As at 31 December 2021 and 31 December 2020, the Group had no material contingent liabilities.

OUTLOOK

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

In response to the outbreak of omicron variant of COVID-19 in early 2022, the Company expects the procurement costs of the food and beverage service business will remain at a high level due to global supply chain disruptions, in turn, placing continuous pressure on our margins. Furthermore, the unprecedented restrictions on restaurants dine-in services imposed by the Hong Kong Government in the first quarter of 2022 and operational difficulties faced by restaurants may hinder the demand of our food and beverage services in 2022. Amidst the high uncertainty of the business environment in the near term, the Group will remain cautious on developing of the food and beverage services business.

In the long term, the directors of the Company (the "**Directors**") still consider the prospect of the food and beverage service industry in Hong Kong to remain optimistic with its strong customer network, which mainly comprises of reputable branded chain-stores, hotel restaurants and supermarkets in Hong Kong. The Group will continue to seek 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 specialists if possible in order to lower the inventory and transportation costs.

As part of its current strategic plans, the Group has been exploring opportunities to diversify into financial business 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 performance of the Group's manufacture and sale of personal care products business have been disappointing and continuing recorded losses despite the effort made by the Group. 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.

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

In order to capture the opportunities created by the growth of Hong Kong's securities market and the expected long term trend of return of overseas listed PRC companies to be listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), it is the intention of the Board to continue to develop its financial business, in particular, its margin financing business. Therefore, it is considered to be necessary to strengthen the capital base of Future Growth Financial Services Limited ("**FGFS**"), an indirectly wholly-owned subsidiary of the Company which will in turn strengthen the financial services business of the Group. FGFS is licensed with the Securities and Futures Commission to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO as a securities brokerage.

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

The Group will review its existing businesses' performance on a continual basis and will consider expanding the segment with potential, as well as diversifying into other new businesses in order to improve the profitability of the Group and to enhance the interests of the Shareholders more effectively. The Group will consider from time to time of other investment opportunities. The Company will make an announcement according to the requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange as and when appropriate.

EMPLOYEES AND REMUNERATION

As at 31 December 2021, the Group employed 1,039 employees (as at 31 December 2020: 1,013 employees).

Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. In addition to basic salaries, year-end bonuses may be awarded by the Group to those staff members with outstanding performance.

The Group operates the Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the Group and the employees are each required to make contributions to the plan at 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK$30,000 per employee. There are no forfeited contributions for the MPF Scheme as the contributions are fully vested to the employees upon payments to the MPF Scheme.

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 in the PRC, constituent companies of the Group established in the PRC are required to pay on behalf of their employees a monthly social insurance premium at the applicable rates based on the amounts stipulated by the PRC local government authorities ("**PRC Retirement Schemes**"), covering pension insurance, medical insurance, unemployment insurance and other relevant insurance. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees. There are no forfeited contributions for the PRC Retirement Schemes as the contributions are fully vested to the employees upon payments to the PRC Retirement Schemes.

In addition, a share option scheme previously adopted by the Company in June 2011 expired in June 2021. A new share option scheme was adopted by the Company in June 2021 for the purpose of providing incentive or reward to staff members and other eligible participants who make contributions to the success of the Group. The Directors believe that the compensation packages offered by the Group to its staff members are competitive in comparison with market standards and practices.

FINAL DIVIDEND

The Board has resolved not to declare any final dividend in respect of the year ended 31 December 2021 (year ended 31 December 2020: Nil).

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed the Group's audited financial results for the year ended 31 December 2021 and discussed with the management and the auditor of the Company, CCTH CPA Limited, on the accounting principles and practices, financial reporting process, internal control adopted by the Group, with no disagreement by the Audit Committee.

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

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

PUBLIC FLOAT

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

CORPORATE GOVERNANCE

The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 of the Listing Rules during the year ended 31 December 2021 apart from the code provisions F.2.2 and C.2.1 as disclosed below.

Under code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting. Mr. Tsai Wallen ("**Mr. Tsai**"), the then chairman of the Board, did not attend the annual general meeting held on 25 June 2021 (the "**2021 AGM**") due to another important business meeting. Mr. Lau Ka Ho ("**Mr. Lau**"), the executive Director and chief executive officer of the Company, has chaired the 2021 AGM and addressed questions raised by the Shareholders at the 2021 AGM.

The Board believed that Mr. Lau possessed sufficient knowledge on the Group's businesses and had the required leadership in maintaining an effective dialogue with the Shareholders and addressing any issues or questions raised in the 2021 AGM. Therefore, Mr. Lau was considered suitable and appropriate to act as the chairman of the 2021 AGM in the absence of the then chairman of the Board.

Under code provision C.2.1 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. Following the resignation of Mr. Tsai as an executive Director, chairman of the Board and executive committee of the Company and a member of the investment and credit committee of the Company on 30 June 2021, the Company did not appoint any individual to be the chairman of the Board as the Board was still in the process of identifying a suitable candidate. Hence the Company deviated from the requirements under code provision C.2.1. The Board will nominate suitable candidate to act as chairman of the Board as soon as practicable and will make necessary announcement as and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

There are no significant events subsequent to 31 December 2021 which would materially affect the Group's operating and financial performance as of the date of this announcement.

SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH CPA Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.pfh.hk) and the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The Company's annual report for the year ended 31 December 2021, containing all the information required by the Listing Rules, will be dispatched to the Shareholders and available on the above websites in due course.

By order of the Board
Prosperous Future Holdings Limited
Lau Ka Ho
Chief Executive Officer and Executive Director

Hong Kong, 29 March 2022

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