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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Revenue from the continuing operations increased by about 4.5% over the same period in 2023 to approximately HK\$252.0 million.

Gross profit from the continuing operations increased by about 18.6% over the same period in 2023 to approximately HK\$64.5 million. Gross profit margin from the continuing operations increased by around 3.0% over the same period in 2023 to about 25.6%.

Loss for the period from the continuing operations amounted to approximately HK\$32.9 million, as compared with loss from the continuing operations amounting to approximately HK\$13.1 million over the same period in 2023.

Basic loss per share from the continuing operations was approximately HK\$1.32 cents, basic loss per share from the continuing operations for the same period in 2023 was approximately HK\$0.72 cents.

The board (the “**Board**”) of directors (the “**Directors**”) 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 2024 (the “**Reporting Period**”) together with the unaudited comparative figures for the corresponding period in 2023 and audited comparative figures at 31 December 2023, 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 2024

| | <i>Notes</i> | Six months ended 30 June | |
|--|--------------|--|--|
| | | 2024 <i>HK\$'000</i> (unaudited) | 2023 <i>HK\$'000</i> (unaudited) |
| Continuing operations | | | |
| Revenue | 4 | 251,982 | 241,174 |
| Cost of sales | | (187,436) | (186,742) |
| Gross profit | | 64,546 | 54,432 |
| Other income and gains | 5 | 5,425 | 12,498 |
| Selling and distribution expenses | | (21,659) | (18,623) |
| Administrative expenses | | (61,579) | (47,595) |
| Other expenses | 6 | (17,642) | (9,424) |
| Finance costs | 7 | (359) | (355) |
| Loss before tax | 8 | (31,268) | (9,067) |
| Income tax expense | 9 | (1,586) | (4,076) |
| Loss for the period from continuing operations | | (32,854) | (13,143) |
| Discontinued operation | | | |
| Gain for the period from discontinued operation | 11 | – | 573 |
| Loss for the period | | (32,854) | (12,570) |
| Loss for the period attributable to equity holders of the Company | | (29,512) | (20,411) |
| (Loss)/profit for the period attributable to non-controlling interests | | (3,342) | 7,841 |
| Loss for the period | | (32,854) | (12,570) |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2024

| | Six months ended 30 June | |
|---|---------------------------------|-------------------|
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| <i>Note</i> | (unaudited) | (unaudited) |
| Loss for the period | (32,854) | (12,570) |
| Items that will not be reclassified to profit or loss in subsequent periods: | | |
| Gain on change in fair value of financial assets at fair value through other comprehensive income | 10,818 | 16,746 |
| Total other comprehensive income for the period | 10,818 | 16,746 |
| Total comprehensive (expense)/income for the period | (22,036) | 4,176 |
| Total comprehensive (expense)/income for the period attributable to: | | |
| – Equity holders of the Company | (18,694) | (3,665) |
| – Non-controlling interests | (3,342) | 7,841 |
| Total comprehensive (expense)/income for the period | (22,036) | 4,176 |
| | 2024 | 2023 |
| | <i>HK\$ cents</i> | <i>HK\$ cents</i> |
| | (unaudited) | (unaudited) |
| Loss per share from continuing and discontinued operations | | |
| Basic | (1.32) | (0.90) |
| Diluted | N/A | N/A |
| Loss per share from continuing operations | | |
| Basic | (1.32) | (0.72) |
| Diluted | N/A | N/A |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

| | | 30 June 2024 <i>HK\$'000</i> (unaudited) | 31 December 2023 <i>HK\$'000</i> (audited) |
|--|--------------|---|---|
| | <i>Notes</i> | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | <i>13</i> | 2,209 | 2,944 |
| Right-of-use assets | | 8,892 | 13,061 |
| Investment properties | <i>13</i> | 42,300 | 50,700 |
| Properties for development | <i>13</i> | 53,000 | 62,000 |
| Goodwill | <i>14</i> | 40,781 | 40,781 |
| Financial assets at fair value through other comprehensive income | <i>15</i> | 41,682 | 30,882 |
| Deferred tax assets | | 2,314 | 2,488 |
| Loan and interest receivables | <i>16</i> | – | – |
| Prepayments, deposits and other receivables | <i>18</i> | 34,626 | 33,723 |
| | | 225,804 | 236,579 |
| CURRENT ASSETS | | | |
| Inventories | | 37,641 | 42,704 |
| Loan and interest receivables | <i>16</i> | – | – |
| Trade receivables | <i>17</i> | 66,738 | 81,666 |
| Prepayments, deposits and other receivables | <i>18</i> | 40,502 | 42,165 |
| Contract assets | | 2,059 | 751 |
| Cash held on behalf of clients | | 60,450 | 48,617 |
| Cash and bank balances | | 328,245 | 358,310 |
| | | 535,635 | 574,213 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

| | | 30 June 2024 | 31 December 2023 |
|--|--------------|-----------------------|---------------------|
| | | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | <i>Notes</i> | (unaudited) | (audited) |
| CURRENT LIABILITIES | | | |
| Trade payables | <i>19</i> | 110,176 | 123,327 |
| Other payables and accruals | <i>20</i> | 27,811 | 30,489 |
| Bank borrowings | <i>21</i> | – | 6,862 |
| Amount due to non-controlling interests | | 1,083 | 1,083 |
| Lease liabilities | | 5,758 | 7,698 |
| Income tax payable | | 4,690 | 1,272 |
| | | <u>149,518</u> | <u>170,731</u> |
| NET CURRENT ASSETS | | <u>386,117</u> | <u>403,482</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>611,921</u> | <u>640,061</u> |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | | (3,878) | (6,334) |
| Deferred tax liabilities | | (93) | (44) |
| | | <u>(3,971)</u> | <u>(6,378)</u> |
| NET ASSETS | | <u>607,950</u> | <u>633,683</u> |
| EQUITY | | | |
| Share capital | | 22,034 | 22,741 |
| Reserves | | 555,142 | 576,826 |
| Equity attributable to equity holders of the Company | | 577,176 | 599,567 |
| Non-controlling interests | | 30,774 | 34,116 |
| TOTAL EQUITY | | <u>607,950</u> | <u>633,683</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 17/F., EC Healthcare Tower (Central), Nos. 19-20 Connaught Road Central, Central, Hong Kong.

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the provision of food and beverage services, provision of financial business, properties holding and investment holding.

The Group discontinued its operation in a subsidiary, which was engaged in provision of temperature-controlled storage and ancillary services (the "**Discontinued Operation**") for the six months ended 30 June 2023. Details are set out in note 11.

The unaudited condensed consolidated interim financial statements of the Group, comprising the Company and its subsidiaries, are presented in Hong Kong Dollars ("**HK\$**"), which is also the functional currency of the Company.

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**"). The unaudited condensed consolidated interim financial statements does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2023.

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 unaudited condensed consolidated interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2023.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

In the current period, the Group has applied, for the first time, the following 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 2024 for the preparation of the Group's unaudited condensed consolidated interim financial statements.

| | |
|--------------------------------|---|
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to IAS 1 | Non-current Liabilities with Covenants |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements |

The adoption of the above new or revised IFRSs in the current period has no material effect on the amounts reported and/or disclosures set out in these unaudited condensed consolidated interim financial statements.

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

3. OPERATING SEGMENT INFORMATION

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

Continuing operations

- (a) Food and beverage – sale of frozen food and beverage products
- (b) Financial business – (i) provision of professional services, such as fund setup and administration, consultancy and co-ordination, corporate and accounting services, data analysis, provision of services regarding dealing in securities, futures contracts and other related products, margin financing, advising on securities and asset management services, securities investment and money lending; (ii) provision of credit card services to individuals or corporation
- (c) Properties holding

3. OPERATING SEGMENT INFORMATION (Continued)

Discontinued operation

- (a) Others – 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, other unallocated income and gains, finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

The Group disposed the interest in a subsidiary that was considered by the management as separate major line of business of the Group. Accordingly, the entire others segment was accounted for as discontinued operation. Details about the Discontinued Operation and the disposal are set out in note 11.

Segment assets exclude goodwill, unallocated property, plant and equipment, right-of-use assets, prepayments, deposits and other receivables, deferred tax assets, and cash and bank balances as these assets are managed on a group basis.

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

3. OPERATING SEGMENT INFORMATION (Continued)

| | Food and beverage HK\$'000 | Financial business HK\$'000 | Properties holding HK\$'000 | Total HK\$'000 |
|--|---|--|--|---------------------------|
| Segment revenue and segment results for the six months ended 30 June 2024 (unaudited) | | | | |
| Segment revenue | <u>203,800</u> | <u>47,598</u> | <u>584</u> | <u>251,982</u> |
| Segment profit/(loss) | <u>4,019</u> | <u>(10,463)</u> | <u>(17,852)</u> | <u>(24,296)</u> |
| Interest income from bank deposits | | | | 3,463 |
| Other unallocated income and gains | | | | 1,765 |
| Corporate and other unallocated expenses | | | | (11,841) |
| Finance costs | | | | <u>(359)</u> |
| Loss before tax from continuing operations | | | | <u><u>(31,268)</u></u> |
| | | | | |
| | Food and beverage HK\$'000 | Financial business HK\$'000 | Properties holding HK\$'000 | Total HK\$'000 |
| Segment revenue and segment results for the six months ended 30 June 2023 (unaudited) | | | | |
| Segment revenue | <u>204,706</u> | <u>36,192</u> | <u>276</u> | <u>241,174</u> |
| Segment profit/(loss) | <u>4,760</u> | <u>(14,902)</u> | <u>4,352</u> | <u>(5,790)</u> |
| Interest income from bank deposits | | | | 3,486 |
| Other unallocated income and gains | | | | 273 |
| Corporate and other unallocated expenses | | | | (6,681) |
| Finance costs | | | | <u>(355)</u> |
| Loss before tax from continuing operations | | | | <u><u>(9,067)</u></u> |

3. OPERATING SEGMENT INFORMATION (Continued)

| | Food and beverage <i>HK\$'000</i> | Financial business <i>HK\$'000</i> | Properties holding <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|---|--|--|--------------------------|
| Segment assets and segment liabilities as at 30 June 2024 (unaudited) | | | | |
| Segment assets | <u>127,640</u> | <u>379,971</u> | <u>98,827</u> | <u>606,438</u> |
| Goodwill | | | | 40,781 |
| Corporate and other unallocated assets | | | | <u>114,220</u> |
| Total assets | | | | <u><u>761,439</u></u> |
| Segment liabilities | <u>18,490</u> | <u>131,441</u> | <u>1,586</u> | 151,517 |
| Corporate and other unallocated liabilities | | | | <u>1,972</u> |
| Total liabilities | | | | <u><u>153,489</u></u> |
| | Food and beverage <i>HK\$'000</i> | Financial business <i>HK\$'000</i> | Properties holding <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| Segment assets and segment liabilities as at 31 December 2023 (audited) | | | | |
| Segment assets | <u>131,296</u> | <u>410,675</u> | <u>116,163</u> | <u>658,134</u> |
| Goodwill | | | | 40,781 |
| Corporate and other unallocated assets | | | | <u>111,877</u> |
| Total assets | | | | <u><u>810,792</u></u> |
| Segment liabilities | <u>25,077</u> | <u>145,721</u> | <u>1,536</u> | 172,334 |
| Corporate and other unallocated liabilities | | | | <u>4,775</u> |
| Total liabilities | | | | <u><u>177,109</u></u> |

4. REVENUE

An analysis of the Group's revenue from continuing operations by major products and services categories for the period are as follows:

| | Six months ended 30 June | |
|--|---------------------------------|-----------------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Income from food and beverage business | 203,800 | 204,706 |
| Income from provision of professional services | 36,555 | 29,134 |
| Income from provision of services regarding dealing in securities, futures contracts and other related products | 4,089 | 2,268 |
| Income from asset management and advising on securities services | 3,657 | 4,400 |
| Income from credit card handling charge | 3,267 | – |
| | <hr/> | <hr/> |
| Revenue from contracts with customers from continuing operations | 251,368 | 240,508 |
| Interest income from money lending business | – | 233 |
| Margin interest income from securities brokerage business | 30 | 157 |
| Rental income from lease of investment properties | 584 | 276 |
| | <hr/> | <hr/> |
| Revenue from other source from continuing operations | 614 | 666 |
| | <hr/> | <hr/> |
| Total revenue from continuing operations | <u>251,982</u> | <u>241,174</u> |

4. REVENUE (Continued)

Disaggregation of revenue from contracts with customers

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

| | Six months ended 30 June | |
|-------------------------------|--------------------------|-----------------|
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) |
| Timing of revenue recognition | | |
| At a point in time | 220,780 | 210,429 |
| Over time | 30,588 | 30,079 |
| | <u>251,368</u> | <u>240,508</u> |

5. OTHER INCOME AND GAINS

| | Six months ended 30 June | |
|--|--------------------------|-----------------|
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) |
| Interest income from bank deposits | 3,463 | 3,486 |
| Gain on change in fair value of investment properties | – | 760 |
| Net foreign exchange gains | 481 | 3,207 |
| Reversal of impairment loss on loan and interest receivables | 657 | 839 |
| Reversal of impairment loss on trade receivables | 199 | – |
| Reversal of impairment loss on properties for development | – | 4,000 |
| Sundry income | 625 | 206 |
| | <u>5,425</u> | <u>12,498</u> |

6. OTHER EXPENSES

| | Six months ended 30 June | |
|---|--------------------------|-----------------|
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) |
| Impairment loss on trade receivables | – | 2,129 |
| Impairment loss on margin loan receivables | 242 | 7,011 |
| Impairment loss on other receivables | – | 284 |
| Loss on change in fair value of investment properties | 8,400 | – |
| Impairment loss on properties for development | 9,000 | – |
| | <hr/> | <hr/> |
| Other expenses from continuing operations | 17,642 | 9,424 |

7. FINANCE COSTS

| | Six months ended 30 June | |
|--|--------------------------|-----------------|
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) |
| Interest on bank borrowings | 2 | 74 |
| Finance costs on lease liabilities | 357 | 281 |
| | <hr/> | <hr/> |
| Finance costs from continuing operations | 359 | 355 |

8. LOSS BEFORE TAX

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

| | Six months ended 30 June | |
|--|--------------------------|-----------------|
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) |
| Cost of inventories sold | 179,254 | 178,054 |
| Depreciation of property, plant and equipment | 849 | 1,141 |
| Depreciation of right-of-use assets | 4,169 | 5,030 |
| Storage expenses | 9,880 | 10,960 |
| Employee benefit expenses (including directors' remuneration): | | |
| Wages and salaries | 35,925 | 28,146 |
| Retirement benefit scheme contributions | 930 | 838 |
| Total staff costs | <u>36,855</u> | <u>28,984</u> |
| Auditors' remuneration | <u>318</u> | <u>318</u> |

9. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|---|--------------------------|---------------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Current tax expense | 1,363 | 1,669 |
| Deferred tax charging | <u>223</u> | <u>2,407</u> |
| Total income tax expense from continuing operations | <u><u>1,586</u></u> | <u><u>4,076</u></u> |

Hong Kong Profits Tax is calculated in accordance with the two-tiered Hong Kong profits tax rates regime for both periods presented.

Under the two-tiered Hong Kong profits tax rates regime, the first HK\$2 million of the assessable profits of the qualifying corporation will be taxed at 8.25% (2023: 8.25%), and assessable profits above HK\$2 million will be taxed at 16.5% (2023: 16.5%). The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5% (2023: 16.5%).

10. DIVIDENDS

The Directors do not recommend any payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

11. DISCONTINUED OPERATION

The Group disposed its interest in a subsidiary, China Cold Chain Co. Limited (“CCC”), on 30 April 2023. CCC was principally engaged in the provision of temperature-controlled storage and ancillary services. After the completion date of disposal, the operation of CCC is accounted for as discontinued operation.

The loss for the period from the discontinued operation is set out below.

11. DISCONTINUED OPERATION (Continued)

| | Six months ended 30 June | |
|---|--|--|
| | 2024 <i>HK\$'000</i> (unaudited) | 2023 <i>HK\$'000</i> (unaudited) |
| Loss of discontinued operation for the period | – | (488) |
| Gain on disposal of discontinued operation | – | 1,061 |
| | <u>–</u> | <u>1,061</u> |
| | <u>–</u> | <u>573</u> |

The results of the discontinued operation for the period from 1 January 2023 to respective the date of discontinuation of the operation, which have been included in the unaudited condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

| | Six months ended 30 June 2023 <i>HK\$'000</i> (unaudited) |
|--|---|
| Revenue | <u>1,875</u> |
| Total revenue | 1,875 |
| Cost of sales | <u>(1,409)</u> |
| Gross profit | 466 |
| Administrative expenses | (771) |
| Other expenses | (36) |
| Finance costs | <u>(147)</u> |
| Loss before tax | (488) |
| Income tax | <u>–</u> |
| Loss for the period | <u><u>(488)</u></u> |
| | Six months ended 30 June 2023 <i>HK\$ cents</i> (unaudited) |
| Loss per share from discontinued operation | |
| Basic | (0.18) |
| Diluted | <u><u>N/A</u></u> |

12. LOSS PER SHARE

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 | | Continuing operations | | Discontinued operation | |
|---|--|-----------------|--------------------------|-----------------|--------------------------|-----------------|
| | Six months ended 30 June | | Six months ended 30 June | | Six months ended 30 June | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Loss | | | | | | |
| Loss for the purpose of basic loss per share | | | | | | |
| Loss for the period attributable to equity holders of the Company | (29,512) | (20,411) | (29,512) | (16,282) | – | (4,129) |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | '000 | '000 | '000 | '000 | '000 | '000 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |

Number of shares

| | | | | | | |
|--|------------------|-----------|------------------|-----------|------------------|-----------|
| Weighted average number of ordinary shares for the purpose of basic loss per share | 2,241,283 | 2,274,123 | 2,241,283 | 2,274,123 | 2,241,283 | 2,274,123 |
|--|------------------|-----------|------------------|-----------|------------------|-----------|

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 periods ended 30 June 2024 and 30 June 2023.

Diluted loss per share for the six months ended 30 June 2024 and 30 June 2023 are not presented as there were no other potential shares in issue for both of the periods.

13. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, PROPERTIES FOR DEVELOPMENT

During the current period, the Group acquired certain property, plant and equipment at the cost of approximately HK\$110,000 (six months ended 30 June 2023: HK\$906,000), and no disposal was made during the period (six months ended 30 June 2023: HK\$105,000), resulting in no gain or loss on disposal (six months ended 30 June 2023: Nil).

The Group's investment properties and properties for development at the end of the reporting period were valued by external valuer, B.I. Appraisal Limited, being independent qualified professional valuer not connected with the Group.

In estimating the fair value of the investment properties, the highest and the best use of the properties is their current use. Direct comparison method is adopted for the current period as the investment properties have been sub-divided and partially rented out during the current period and the directors are of the opinion that the direct comparison method is appropriate for estimation of the fair value of the investment properties at the end of the reporting period. There has been no change from the valuation technique used in the prior year ended 31 December 2023. The resulting decrease in fair value of investment properties amounted to HK\$8,400,000 (six months ended 30 June 2023: increase in fair value HK\$760,000).

The Group assesses the recoverable amount of properties for development were based on the estimated sale value of these properties and taking into account the estimated costs to completion based on the direct comparison method and residual method. The main valuation input used were the market value of other property comparable executed in the market and estimated development cost. The estimated sale value on which the recoverable amount is categorised as level 3 measurement. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

The directors of the Company consider it appropriate to recognise impairment loss on properties for development amounted to HK\$9,000,000 (six months ended 30 June 2023: reversal of impairment loss HK\$4,000,000) which is calculated based on their recoverable amount by reference to the estimated sale value of the properties on their existing state.

14. GOODWILL

| | Six months ended 30 June 2024 <i>HK\$'000</i> (unaudited) | Year ended 31 December 2023 <i>HK\$'000</i> (audited) |
|--|--|--|
| Cost | | |
| At beginning of the period/year | 48,313 | 48,632 |
| Impact on disposal of a subsidiary | — | (319) |
| | <u>48,313</u> | <u>48,313</u> |
| At end of the period/year | <u>48,313</u> | <u>48,313</u> |
| Accumulated impairment losses | | |
| At beginning of the period/year | 7,532 | 7,851 |
| Impact on disposal of a subsidiary | — | (319) |
| | <u>7,532</u> | <u>7,532</u> |
| At end of the period/year | <u>7,532</u> | <u>7,532</u> |
| Carrying amount at end of the period/year | <u><u>40,781</u></u> | <u><u>40,781</u></u> |

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | 30 June | 31 December |
|---|------------------------|-----------------|
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (audited) |
| Financial assets at fair value through other comprehensive income | | |
| – Equity securities listed in Hong Kong | 14,831 | 12,570 |
| – Unlisted investment fund | 26,851 | 18,312 |
| | <u>41,682</u> | <u>30,882</u> |

16. LOAN AND INTEREST RECEIVABLES

| | 30 June | 31 December |
|---|------------------------|-----------------|
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (audited) |
| Loan and interest receivables thereon | | |
| – within one year | 3,473 | 3,991 |
| – in the second to fifth year | – | 139 |
| – over five years | – | – |
| | <u>3,473</u> | <u>4,130</u> |
| Loan and interest receivables, gross amount | 3,473 | 4,130 |
| Less: Impairment loss recognised | (3,473) | (4,130) |
| | <u>–</u> | <u>–</u> |
| Analysed for reporting as: | | |
| Non-current assets | – | – |
| Current assets | – | – |
| | <u>–</u> | <u>–</u> |

16. LOAN AND INTEREST RECEIVABLES (Continued)

Movements during the period/year are as follows:

| | Six months ended 30 June 2024 <i>HK\$'000</i> (unaudited) | Year ended 31 December 2023 <i>HK\$'000</i> (audited) |
|---|---|--|
| At beginning of the period/year | – | 2,502 |
| Interest on loan receivables | – | 178 |
| Loan and interest repaid by borrowers | (657) | (4,216) |
| Reversal of impairment loss recognised (note 5) | 657 | 1,536 |
| | <hr/> | <hr/> |
| At end of the period/year | – | – |

17. TRADE RECEIVABLES

| | 30 June 2024 <i>HK\$'000</i> (unaudited) | 31 December 2023 <i>HK\$'000</i> (audited) |
|--|--|---|
| Trade receivables arising from dealing in securities and futures contracts services | | |
| – clearing house, brokers and cash clients (note a) | 3,090 | 6,209 |
| – margin clients (note b) | – | 4,480 |
| Trade receivables arising from other businesses (note c) | 66,202 | 73,730 |
| | <hr/> | <hr/> |
| Trade receivables, gross amount | 69,292 | 84,419 |
| Less: allowance for trade receivables arising from other businesses | (2,554) | (2,753) |
| | <hr/> | <hr/> |
| | 66,738 | 81,666 |

17. TRADE RECEIVABLES (Continued)

Notes:

- (a) The settlement terms of the trade receivables from clearing house, brokers and cash clients are one to two days after trade date. The trade receivables as at 30 June 2024 are not past due based on credit terms, are not impaired and were settled subsequent to 30 June 2024. No aging analysis of these trade receivables 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) The trade receivables from margin clients are repayable on demand and carry interest at interest rate ranged from 8.0% to 12.0% per annum. For credit facilities granted by the Group to margin clients, the margin clients are required to pledge their securities collateral to the Group, and the credit facilities granted is determined by the discounted market value of pledged securities in accordance with the Group's margin lending policies at a specified loan-to-collateral ratio.

At the end of the reporting period, no trade receivables from margin clients (31 December 2023: the market value of securities pledged as collateral in respect of the trade receivables from margin clients amounted to approximately HK\$140,088,000).

No aging analysis of the trade receivables from margin 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.

- (c) The trade receivables arising from other businesses include trade receivables arising from food and beverage and provision of professional services business. The Group's trading terms with its customers of other businesses 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 2023: 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.

17. TRADE RECEIVABLES (Continued)

An aged analysis of the trade receivables, net of allowance recognised, arising from other businesses as at the end of the reporting period, based on the invoice date, is as follows:

| | 30 June 2024 HK\$'000 (unaudited) | 31 December 2023 HK\$'000 (audited) |
|-----------------|--|--|
| Within 30 days | 41,024 | 51,402 |
| 31 to 60 days | 16,815 | 15,325 |
| 61 to 90 days | 1,832 | 537 |
| 91 to 180 days | 1,989 | 2,458 |
| 181 to 365 days | 1,464 | 1,255 |
| Over 365 days | 524 | – |
| | <u>63,648</u> | <u>70,977</u> |

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 30 June 2024 HK\$'000 (unaudited) | 31 December 2023 HK\$'000 (audited) |
|--------------------------------|--|--|
| Prepayments | 25,787 | 20,691 |
| Deposits and other receivables | 49,341 | 55,197 |
| | <u>75,128</u> | <u>75,888</u> |
| Analysis for reporting as: | | |
| Non-current assets | 34,626 | 33,723 |
| Current assets | 40,502 | 42,165 |
| | <u>75,128</u> | <u>75,888</u> |

19. TRADE PAYABLES

| | 30 June | 31 December |
|--|-----------------------|-----------------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (audited) |
| Trade payables arising from dealing in securities and futures contracts services (<i>note a</i>) | 65,248 | 92,900 |
| Trade payables arising from provision of escrow services (<i>note b</i>) | 41,117 | 24,739 |
| Trade payables arising from other businesses (<i>note c</i>) | 3,811 | 5,688 |
| | <u>110,176</u> | <u>123,327</u> |

Notes:

- (a) The 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 payables arising from provision of escrow services represent funds placed in the Group's bank accounts by its escrow clients (cash deposited with the Group's bank accounts are presented as "cash held on behalf of clients" under current assets in the Group's condensed consolidated statement of financial position). Settlement of these payables is effected when the related funds transferred out of the Group's bank accounts in accordance with the escrow clients' instructions. No aging analysis of the trade payables to escrow client 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.
- (c) The trade payables arising from other businesses include trade payables arising from food and beverage and provision of professional services business (excluding the dealing in securities and futures contract services and provision of escrow services).

19. TRADE PAYABLES (Continued)

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

| | 30 June 2024 HK\$'000 (unaudited) | 31 December 2023 HK\$'000 (audited) |
|----------------|--|--|
| Within 30 days | 2,957 | 891 |
| 31 to 90 days | 67 | 1,825 |
| 91 to 180 days | 37 | 1,007 |
| Over 180 days | <u>750</u> | <u>1,965</u> |
| | <u>3,811</u> | <u>5,688</u> |

The trade payables are interest free and are normally settled on terms of 30 days to 180 days (31 December 2023: 30 days to 180 days).

20. OTHER PAYABLES AND ACCRUALS

| | 30 June 2024 HK\$'000 (unaudited) | 31 December 2023 HK\$'000 (audited) |
|----------------------|--|--|
| Other payables | 5,558 | 5,793 |
| Accrued charges | 5,093 | 7,709 |
| Contract liabilities | 17,156 | 16,959 |
| Other tax payables | <u>4</u> | <u>28</u> |
| | <u>27,811</u> | <u>30,489</u> |

21. BANK BORROWINGS

Movements of the Group's bank borrowings for both of the period/year presented are as follows:

| | Bank borrowings HK\$'000 |
|---|---|
| For the year ended 31 December 2023 (audited) | |
| At 1 January 2023 | <u><u>13,230</u></u> |
| New loan drawdown during the year | 11,773 |
| Repayment during the year | <u>(18,141)</u> |
| At 31 December 2023 | <u><u>6,862</u></u> |
| For the six months ended 30 June 2024 (unaudited) | |
| New loan drawdown during the period | 406 |
| Repayment during the period | <u>(7,268)</u> |
| At 30 June 2024 | <u><u>-</u></u> |

MANAGEMENT DISCUSSION AND ANALYSIS

The principal activity of Prosperous Future Holdings Limited (the “**Company**”) is investment holding. The subsidiaries of the Company are principally engaged in the provision of food and beverage services, provision of financial business, properties holding and investment holding. The Company and its subsidiaries are hereinafter referred to as the “**Group**”.

During the prior year ended 31 December 2023, the Group disposed its subsidiary engaged in temperature-controlled storage and ancillary services business, which was presented as discontinued operation.

BUSINESS REVIEW

Continuing Operations

Provision of Food and Beverage Services

During the Reporting Period, the Group’s business segment of provision of food and beverage services business posted a stable revenue of approximately HK\$203.8 million (30 June 2023: approximately HK\$204.7 million). Despite the adverse economic environment due to slowdown of local consumption demand and severe market competition, our strategy to focus on sales of premium products has effectively bolstered our market position.

The provision of food and beverage services business recorded a segment profit of approximately HK\$4.0 million during the Reporting Period (30 June 2023: approximately HK\$4.8 million). The decrease in profit is mainly due to the decrease in gross profit resulted from increased procurement costs. Such increases in procurement costs were mostly absorbed by the Group since market competition remained keen amid weakened demand.

Provision of Financial Business

The Group’s business segment of provision of financial business includes securities investment, provision of professional services, securities brokerage, margin financing, advising on securities and asset management services, money lending and credit card issuing.

During the Reporting Period, the Group’s business segment of provision of financial business contributed a total revenue of approximately HK\$47.6 million to the Group (30 June 2023: approximately HK\$36.2 million), representing an increase of about 31.5% over the same period of last year.

The provision of financial business recorded a segment loss of approximately HK\$10.5 million during the Reporting Period (30 June 2023: approximately HK\$14.9 million).

– *Securities Investment Business*

The Group's securities investment includes investment in listed securities and private unlisted fund for long-term purposes which are classified as financial assets at fair value through other comprehensive income as at 30 June 2024.

The first half of 2024 was characterized by a clear disparity in market performance, inflation expectations, and interest rate environments between China and the United States. For the Reporting Period, our securities investment business did not record any net fair value gain on financial assets at fair value through profit or loss (30 June 2023: Nil) since we stay cautious on opening new position on securities trading.

As at 30 June 2024, the Group had a portfolio of securities investment of approximately HK\$41.7 million, which consisted of equity securities listed in Hong Kong of approximately HK\$14.8 million and unlisted investment fund of approximately HK\$26.9 million.

The securities investment business recorded a loss of approximately HK\$0.1 million (30 June 2023: approximately HK\$0.1 million).

– *Securities Brokerage, Margin Financing, Asset Management and Professional Services Business*

The Group currently provides brokerage services for securities, futures and other related products, margin financing as well as asset management services, to individuals and corporate clients. With a well-structured team of experienced professionals, the Group also offers fund administration and other relevant professional services to investment funds and corporates.

For the Reporting Period, this business recorded a total turnover of approximately HK\$44.3 million (30 June 2023: approximately HK\$36.0 million) due to increase in income from provision of professional services resulted from strong demand in fund administration and set-up services.

This business recorded a total profit of approximately HK\$6.1 million during the Reporting Period (30 June 2023: loss of approximately HK\$5.1 million). The turnaround from loss to profit is mainly attributable to the increase in revenue as stated above and decrease in impairment loss of trade receivables arising from margin financing.

An impairment loss of trade receivables arising from margin financing approximately HK\$0.2 million (30 June 2023: HK\$7.0 million) was recognised during the Reporting Period.

Margin loans of two customers with the total gross carrying amount of approximately HK\$7.4 million were assessed as credit-impaired as at 30 June 2024. In prior year, the market price of listed securities pledged by those margin clients significantly declined, and they failed to fully make up the margin shortfall by providing sufficient monetary amount of additional collaterals or repayment. Accordingly forced sale of the relevant pledged securities of the clients' position in the open market were executed. Impairment provision with a total amount of approximately HK\$7.4 million was made for these two exposures at the end of the Reporting Period.

As at 30 June 2024, the total value of outstanding trade receivables arising from margin financing is nil. As at 30 June 2024, margin loans with gross carrying amount of HK\$7.4 million with interest rate of approximately 12.0% per annum and repayment on demand were assessed as credit-impaired due to margin shortfall as stated in the above paragraph. Those margin loans were secured by certain securities with nil market value at the end of the Reporting Period.

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 and Credit Card Business*

The Group's money lending and credit card business recorded a turnover of approximately HK\$3.3 million (30 June 2023: approximately HK\$0.2 million) due to credit card handling charges for customers' retail purchases recognized during the Reporting Period.

The provision of money lending and credit card business recorded a loss of approximately HK\$16.5 million (30 June 2023: approximately HK\$9.8 million). The increase was primarily due to the additional staff costs incurred which resulted from increase in headcount for our credit card business.

For money lending business, the Group has a gross carrying amount of loan and interest receivables of approximately HK\$3.5 million, representing 1 outstanding unsecured loan with effective interest rate of approximately 24.0% per annum with a term in 12 months (the “**Outstanding Loan**”) as at 30 June 2024. The Outstanding Loan was granted to independent third parties of the Company. Loan and interest receivables of approximately HK\$0.2 million were written off during the Reporting Period. (30 June 2023: Nil)

The Group accounts for its credit risk by providing for expected credit losses on a timely basis where appropriate. A reversal of impairment loss on loan and interest receivables of approximately HK\$0.7 million was recognised during the Reporting Period mainly due to the repayments by borrowers.

Properties Holding

The Group currently holds certain industrial properties located at Cheung Sha Wan, Hong Kong and leased out some of these properties.

During the Reporting Period, the business segment of properties holding reported a revenue of approximately HK\$0.6 million (30 June 2023: HK\$0.3 million).

The properties holding business recorded a segment loss of approximately HK\$17.9 million (30 June 2023: profit of approximately HK\$4.4 million).

An impairment loss on properties for development of approximately HK\$9.0 million was recorded during the Reporting Period (30 June 2023: a reversal of impairment loss of approximately HK\$4.0 million).

A loss on change in fair value of investment properties of approximately HK\$8.4 million was provided during the Reporting Period (30 June 2023: gain of approximately HK\$0.8 million).

Discontinued Operation

Others (Temperature-controlled Storage)

The segment mainly represents the provision of temperature-controlled storage and ancillary services business conducted primarily through the Company's indirect subsidiary, China Cold Chain Co. Limited ("CCC"). During the prior year ended 31 December 2023, the Group disposed its entire interest in CCC and ceased to engage in temperature-controlled storage and ancillary services business upon the disposal. A revenue of approximately HK\$1.9 million and a loss of approximately HK\$0.5 million were recorded during the period ended 30 June 2023.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group was approximately HK\$252.0 million, representing an increase of about 4.5% over the same period of last year (for the period ended 30 June 2023: approximately HK\$241.2 million).

Gross Profit and Gross Profit Margin

Gross profit of the Group for the Reporting Period was approximately HK\$64.5 million, representing an increase of about 18.6% as compared with HK\$54.4 million for the period ended 30 June 2023. The increase in overall gross profit was mainly due to increase in gross profit of financial business.

During the Reporting Period, the gross profit margin of the Group increased by around 3.0% over the same period of last year to about 25.6% (for the period ended 30 June 2023: approximately 22.6%). The increase in overall gross profit margin was primarily due to the increase in the gross profit margin for financial business.

The gross profit for the provision of food and beverage services business for the Reporting Period was approximately HK\$24.5 million (for the period ended 30 June 2023: approximately HK\$26.7 million). Gross profit margin was approximately 12.0%, representing a decrease of approximately 1.0% compared with the same period of last year.

The gross profit of provision of financial business for the Reporting Period was approximately HK\$39.4 million (for the period ended 30 June 2023: approximately HK\$27.5 million).

The gross profit of properties holding business for the Reporting Period was approximately HK\$0.6 million (for the period ended 30 June 2023: approximately HK\$0.3 million).

Other Income and Gains

Other income and gains mainly comprised of interest income from bank deposits, reversal of impairment loss on loan and interest receivables, net foreign exchange gains and reversal of impairment loss on trade receivables. Other income and gains amounted to approximately HK\$5.4 million for the Reporting Period, representing a decrease of 56.8% as compared with approximately HK\$12.5 million for the same period of last year. The decrease is primarily attributable to no reversal of impairment loss on properties for development recognized and decrease in net foreign exchange gains for the Reporting Period.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of storage and logistics expenses, advertising expenses and other expenses. Selling and distribution expenses amounted to approximately HK\$21.7 million for the Reporting Period, representing an increase of about 16.7% as compared with about HK\$18.6 million for the period ended 30 June 2023. The increase was driven by the increase in advertising expenses incurred by our financial professional services business.

The selling and distribution expenses accounted for about 8.6% of the revenue during the Reporting Period (for the period ended 30 June 2023: approximately 7.7%), among which, storage and logistics expenses, as a percentage of revenue, decreased from about 6.1% for the period ended 30 June 2023 to about 5.4% for the Reporting Period.

Administrative Expenses

Administrative expenses primarily consisted of salaries and wages for administrative staff, professional fees, depreciation and other expenses. Administrative expenses of the Group amounted to approximately HK\$61.6 million for the Reporting Period (for the period ended 30 June 2023: approximately HK\$47.6 million), representing an increase of about 29.4% over the same period of last year. The increase was mainly due to increases in staff costs and professional fees during the Reporting Period.

Administrative expenses accounted for about 24.4% of the Group's revenue for the Reporting Period (for the period ended 30 June 2023: approximately 19.7%).

Other Expenses

Other expenses mainly comprised of impairment loss on properties for development, loss on change in fair value of investment properties and impairment loss on margin loan receivables. Other expenses amounted to approximately HK\$17.6 million for the Reporting Period, representing an increase of 87.2% as compared with approximately HK\$9.4 million for the period ended 30 June 2023. The increase is primarily attributable to impairment loss on properties for development and loss on change in fair value of investment properties recognized during the Reporting Period, which was partially off-set by the decrease in impairment loss on margin loan receivables.

Finance Costs

The Group had finance costs of approximately HK\$0.4 million for the Reporting Period (30 June 2023: approximately HK\$0.4 million).

Disposal of a Subsidiary

China Cold Chain Co. Limited (“CCC”)

The Group entered into an agreement to dispose all of its interest in CCC for consideration valued at approximately HK\$2.3 million with a certain purchaser on 31 March 2023 and completed the disposal on 30 April 2023. CCC, a 70% indirectly owned subsidiary of the Company, was primarily engaged in provision of temperature-controlled storage and ancillary services business. Upon completion of the disposal, the Group ceased to hold any interests in CCC and a gain on disposal of approximately HK\$1.1 million was recognized for the period ended 30 June 2023.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

The Group did not have material acquisitions and disposals of subsidiaries and affiliated companies for the Reporting Period. As at 30 June 2024, the Group did not hold any significant investments. The Group does not have any future plans in relation to material investments or capital assets.

Net Loss and Net Loss Margin

For the Reporting Period, loss attributable to equity holders of the Company amounted to approximately HK\$29.5 million as compared with loss attributable to equity holders of the Company of approximately HK\$20.4 million for the period ended 30 June 2023. The net loss margin was about 11.7% as compared with about 8.5% of net loss margin for the period ended 30 June 2023, with basic loss per share of approximately HK\$1.32 cents (basic loss per share for the period ended 30 June 2023: approximately HK\$0.90 cents).

Capital Expenditure

For the Reporting Period, the Group's material capital expenditure amounted to approximately HK\$0.1 million, mainly used for renovation of our offices and acquisition of office equipment (for the period ended 30 June 2023: approximately HK\$0.8 million).

Financial Resources and Liquidity

As at 30 June 2024, cash and bank balances of the Group amounted to approximately HK\$328.2 million (31 December 2023: approximately HK\$358.3 million). The current ratio was 3.6 (31 December 2023: 3.4). Our liquidity remained healthy. The uses of balance of cash and bank balances were mainly as follows: firstly, providing the liquid capital and strengthening the operation of the provision of financial business; secondly, developing the provision of food and beverage services business; and thirdly, pursuing potential acquisition and investment opportunities.

Fundraising Activities of the Group

During the Reporting Period, the Company had not issued any equity securities for cash.

Loan and Interest Receivables

As at 30 June 2024 and 31 December 2023, the Group's loan and interest receivables were nil.

During the Reporting Period, the Group did not enter into any additional loan arrangements with customers for our money lending business (31 December 2023: Nil).

A reversal of impairment loss on loan and interest receivables of approximately HK\$0.7 million was recognised during the Reporting Period (30 June 2023: approximately 0.8 million).

Loan and interest receivables of approximately HK\$0.2 million were written off during the Reporting Period. (30 June 2023: Nil)

Trade Receivables

As at 30 June 2024, the Group's trade receivables were approximately HK\$66.7 million (31 December 2023: approximately HK\$81.7 million). The amount included trade receivables arising from margin financing was nil (31 December 2023: approximately HK\$4.5 million) with repayment on demand clause and trade receivables arising from dealing in securities and futures contracts services (clearing house, brokers and cash clients) approximately HK\$3.1 million (31 December 2023: approximately HK\$6.2 million) to be settled one to two days after trade date. Besides, the Group usually grants a credit period of 30 to 180 days to the customers for settling trade receivables arising from the remaining businesses amounted at approximately HK\$63.6 million (31 December 2023: approximately HK\$71.0 million).

Trade Payables

As at 30 June 2024, trade payables were approximately HK\$110.2 million (31 December 2023: approximately HK\$123.3 million), of which included trade payables arising from dealing in securities and futures contracts services approximately HK\$65.2 million (31 December 2023: approximately HK\$92.9 million) to be settled one to two days after trade date and trade payables arising from provision of escrow services approximately HK\$41.1 million (31 December 2023: approximately HK\$24.7 million) of which payments shall be made upon client's request. Besides, the Group normally settled the remaining payables arising from other businesses amounted at approximately HK\$3.8 million (31 December 2023: approximately HK\$5.7 million) on terms of 30 to 180 days and kept good payment records.

Inventories

As at 30 June 2024, inventories of the Group were approximately HK\$37.6 million (31 December 2023: approximately HK\$42.7 million) and the inventory balance decreased by about 11.9% over 31 December 2023.

Gearing Ratio

As at 30 June 2024, the current assets and total assets of the Group were approximately HK\$535.6 million and HK\$761.4 million respectively, the current liabilities and total liabilities of the Group were approximately HK\$149.5 million and HK\$153.5 million respectively. The gearing ratio (total liabilities/total assets) of the Group was approximately 20.2% (31 December 2023: approximately 21.8%).

Bank Borrowings

As at 30 June 2024, the Group had no bank borrowings (31 December 2023: approximately HK\$6.9 million). Facilities were provided to the Group from banks in Hong Kong in the form of secured bank borrowings amounting to approximately HK\$6.9 million secured by a guarantee from the Company as at 31 December 2023.

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 were denominated mainly in HK\$ and US dollars ("**USD**") during the Reporting Period.

The Group's assets and liabilities are mainly denominated in HK\$ and USD at the end of the Reporting Period. Currently, the Group has not entered into any agreement or purchased any instrument to hedge the Group's foreign currency risk. Since the HK\$ is pegged to the USD, the Group's exposure to foreign currency risk in respect of asset and liabilities denominated in USD is considered to be minimal.

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

Contingent Liabilities

As at 30 June 2024 and 31 December 2023, the Group had no material contingent liabilities.

OUTLOOK

The Group continues to create long-term values for its Shareholders by building up a well-diversified business portfolio comprised of our food and beverage business and financial business.

Globally, macro challenges persisted with monetary tightening cycles led by rising inflation across Western countries, volatile adjustments on Mainland China's property sector and prolong Russia-Ukraine geopolitical conflicts. Locally, Hong Kong's economic momentum is hampered by continuous decline in property prices and the underperforming stock market. Complete turnaround in the overall economy was yet to take place and the Group will monitor its business development in cautious manner.

In light of headwinds resulting from slower-than-anticipated economic and inbound tourist recoveries, as well as a northward shifting in Hong Kong local consumer spending preferences, the Group expects that the consumption market of food and beverage will be subdued in the second half of 2024. Our procurement prices will remain high under the ongoing global inflationary pressures and lengthy geopolitical crises. Despite the challenges encountered during the first half of 2024, our food and beverage business has exhibited resilience and adaptability. The Group is still confident in its ability to develop over the long term with our robust client base and a well-balanced list of international suppliers. We will continue to focus on diversifying our high margin product offerings and expanding our market presence in the food and beverage industry by keeping up with emerging customer trends.

In the second half of 2024, stock market conditions are recognized to be challenging due to factors such as unpredictability of inflation and interest rate movements, global geopolitical tensions and structural transition of Mainland China's economy. These factors are likely to negatively impact investor confidence in 2024. Given the high level of uncertainty, we will adopt a conservative stance when evaluating potential investments in securities or other financial products.

Hong Kong's strategic position as a global center for offshore RMB business and a regional center for green technology and finance makes the Group confident that Hong Kong will maintain its prominent role in the regional capital market. Furthermore, Asia undeniably offers enduring prospects for financial services business, considering Asia continues to be a lucrative hub for wealth generation. The Group is proactively exploring opportunities to diversify its business portfolio in the financial service sector in Hong Kong and Asia. Our goal for our last year's entry into Hong Kong's credit card business is achieving steady and balanced growth, and to generate sustainable returns by leveraging the emerging opportunities in asset-backed credit card markets.

We have made relevant applications to the Hong Kong Government for the redevelopment of our land parcels and properties in Yuen Long. The relevant government authority has conditionally approved our plan to construct single block residential buildings on each of the four parcels of those lands, subject to certain prerequisites. Our current efforts are directed towards communicating with the relevant government authority to finalize the construction plan and ensure adherence to environmental and other statutory requirements. Based on the best knowledge, information, and belief of the Directors, we do not anticipate any legal impediments in obtaining the relevant approval from the Hong Kong Government for the redevelopment of the remaining parcels of lands.

In order to enhance value for the Shareholders, the Group will consistently review the performance of its current business and will seek to expand promising segments. The Company will also explore the possibility of entering into new businesses if favorable opportunities arise. A formal announcement will be made by the Company, and it will adhere to the reporting obligation as required by the Listing Rules when necessary.

EMPLOYEES AND REMUNERATION

As at 30 June 2024, the Group employed 131 employees (as at 31 December 2023: 126 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 rewarded by the Group to those staff members with outstanding performance.

The Group operates the Mandatory Provident Fund Scheme (the “**MPF Scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the 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.

Furthermore, pursuant to the relevant laws and regulations in the United Kingdom, the Group has joined the respective defined contribution retirement schemes for its local employees (the “**UK Retirement Schemes**”). The Group makes contributions to the UK Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. As at 30 June 2024, there were no forfeited contributions for the UK Retirement Schemes as the contributions were fully vested to the employees pursuant to the applicable laws and regulations.

In addition, a 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.

DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2024, the Company exercised its powers under the general mandate to repurchase the shares granted by the Shareholders to the Board at the annual general meeting of the Company held on 23 June 2023, and repurchased a total of 59,762,000 shares (among which 32,829,000 shares were cancelled on 29 February 2024 and 26,933,000 shares were cancelled on 25 June 2024) on the Stock Exchange at an aggregate consideration of HK\$3,697,100. As at 30 June 2024, the total number of shares of the Company in issue was 2,203,361,000.

Details of the repurchase of shares on a monthly basis during the Reporting Period are summarized as follows:

| Month | Number of shares repurchased | Highest price paid per share <i>HK\$</i> | Lowest price paid per share <i>HK\$</i> | Aggregate consideration <i>HK\$</i> |
|--------------|-------------------------------------|--|---|---|
| January 2024 | 32,829,000 | 0.055 | 0.026 | 1,561,089 |
| April 2024 | 5,030,000 | 0.080 | 0.071 | 383,070 |
| May 2024 | 14,903,000 | 0.080 | 0.074 | 1,185,276 |
| June 2024 | 7,000,000 | 0.082 | 0.079 | 567,665 |

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

AUDIT COMMITTEE

The audit committee of the Company, 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 2024, including accounting principles and practices adopted by the Group, and discussed financial reporting matters.

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 C1 of the Listing Rules during the period ended 30 June 2024 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. During the period ended 30 June 2024, 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. Mr. Lau Ka Ho (“**Mr. Lau**”), the executive Director and chief executive officer of the Company, has chaired the annual general meeting held on 21 June 2024 (“**2024 AGM**”) and addressed questions raised by the Shareholders at the 2024 AGM. The chairman of the audit, remuneration and nomination committees of the Board, and representatives of the Company’s auditor also attended the 2024 AGM and were available to address questions from the Shareholders.

Having considered the knowledge of the aforesaid attendees, including representation from the Company’s management and auditor, the Company considers that questions or issues raised by Shareholders would be sufficiently addressed and that an effective dialogue between the Company and the Shareholders has been maintained.

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. As aforesaid, the Company did not appoint any individual to be the chairman of the Board during the period ended 30 June 2024. 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 2024.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

There are no significant events subsequent to 30 June 2024 which would materially affect the Group's operating and financial performance as of the date of this announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.pfh.hk) and the Stock Exchange (www.hkexnews.hk). The Company's interim report for the six months ended 30 June 2024, 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 August 2024

As at the date of this announcement, the Board comprises (i) two executive Directors, namely Mr. Lau Ka Ho and Mr. Chan Hoi Tik; (ii) one non-executive Director, namely Mr. Sze Wine Him Jaime; and (iii) three independent non-executive Directors, namely Ms. Chan Sze Man, Ms. Bu Yanan and Mr. Wong Sai Hung.