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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 2021

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Revenue decreased by about 7.6% over the same period in 2020 to approximately RMB403.0 million.

Gross profit decreased by about 5.6% over the same period in 2020 to approximately RMB104.9 million. Gross profit margin increased by around 0.5% over the same period in 2020 to about 26.0%.

Loss attributable to the equity holders of the Company for the period amounted to approximately RMB31.4 million, as compared with loss attributable to equity holders of the Company amounting to approximately RMB0.6 million over the same period in 2020.

Basic loss per share attributable to the equity holders of the Company was approximately RMB1.71 cents, basic loss per share attributable to equity holders of the Company for the same period in 2020 was approximately RMB0.04 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 2021 (the “**Reporting Period**”) together with the unaudited comparative figures for the corresponding period in 2020 and audited comparative figures at 31 December 2020, 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 2021

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Revenue	4	402,954	436,015
Cost of sales		(298,029)	(324,910)
Gross profit		104,925	111,105
Other income and gains	5	9,831	19,187
Selling and distribution expenses		(50,517)	(60,568)
Administrative expenses		(69,321)	(49,380)
Other expenses	6	(14,727)	(18,763)
Finance costs	7	(2,133)	(1,827)
Share of loss of associates		(1,290)	(435)
Share of profit of a joint venture		–	70
Loss before tax	8	(23,232)	(611)
Income tax expense	9	(5,629)	(2,086)
Loss for the period		(28,861)	(2,697)
(Loss)/profit for the period attributable to:			
– Equity holders of the Company		(31,364)	(645)
– Non-controlling interests		2,503	(2,052)
Loss for the period		(28,861)	(2,697)

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

For the six months ended 30 June 2021

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Loss for the period		(28,861)	(2,697)
Other comprehensive (expense)/ income for the period:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of operations outside Mainland China		(4,781)	6,926
Reclassification adjustment relating to foreign operations disposed of		–	65
		(4,781)	6,991
Items 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, net of tax		(1,546)	(567)
Total other comprehensive (expense)/ income for the period		(6,327)	6,424
Total comprehensive (expense)/ income for the period		(35,188)	3,727

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

For the six months ended 30 June 2021

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Total comprehensive (expense)/income for the period attributable to:			
– Equity holders of the Company		(35,957)	4,830
– Non-controlling interests		769	(1,103)
		<hr/>	<hr/>
Total comprehensive (expense)/income for the period		(35,188)	3,727
		<hr/> <hr/>	<hr/> <hr/>
		2021	2020
	<i>Notes</i>	<i>RMB cents</i>	<i>RMB cents</i>
Loss per share attributable to equity holders of the Company	<i>11</i>		
Basic		(1.71)	(0.04)
		<hr/> <hr/>	<hr/> <hr/>
Diluted		N/A	N/A
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		112,352	102,684
Right-of-use assets		22,141	24,516
Investment properties		70,689	71,570
Properties for development		81,917	82,937
Goodwill		40,916	37,174
Interests in associates		–	6,000
Interest in a joint venture		–	–
Financial assets at fair value through other comprehensive income		27,328	27,249
Deferred tax assets		1,344	1,524
Finance lease receivables		4,626	11,201
Factoring receivables		174	75
Loan and interest receivables	<i>12</i>	1,288	3,922
Prepayments, deposits and other receivables		1,395	1,412
		364,170	370,264
CURRENT ASSETS			
Inventories		82,281	48,261
Finance lease receivables		16,252	23,836
Factoring receivables		3,245	3,129
Loan and interest receivables	<i>12</i>	23,225	30,067
Trade receivables	<i>13</i>	234,091	283,667
Prepayments, deposits and other receivables		102,712	117,638
Contract assets		2,954	1,627
Amount due from an associate		–	2,000
Amount due from a joint venture		–	2,346
Other financial assets		23,429	37,116
Income tax recoverable		886	755
Pledged bank deposits		63,371	38,072
Cash held on behalf of clients		89,416	111,884
Cash and bank balances		339,014	359,201
		980,876	1,059,599

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2021

	<i>Notes</i>	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
CURRENT LIABILITIES			
Trade and bills payables	14	316,201	356,805
Other payables and accruals		117,383	43,208
Bank and other borrowings		165,069	158,098
Promissory notes payable		1,871	–
Amounts due to associates		–	103,161
Amounts due to non-controlling interests		2,102	1,460
Lease liabilities		8,547	6,595
Income tax payable		8,855	8,131
		620,028	677,458
NET CURRENT ASSETS		360,848	382,141
TOTAL ASSETS LESS CURRENT LIABILITIES		725,018	752,405
NON-CURRENT LIABILITIES			
Lease liabilities		(10,719)	(14,385)
Deferred tax liabilities		(14,758)	(14,760)
		(25,477)	(29,145)
NET ASSETS		699,541	723,260
EQUITY			
Share capital		16,193	15,348
Reserves		639,725	665,058
		655,918	680,406
Equity attributable to equity holders of the Company		655,918	680,406
Non-controlling interests		43,623	42,854
TOTAL EQUITY		699,541	723,260

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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., Fung House, Nos. 19-20 Connaught Road Central, Central, Hong Kong. The Company's principal place of business in the People's Republic of China (the "**Mainland China**" or the "**PRC**") is located at No. 8, North Wuqiao Road, Lantian Economic Development Zone, Zhangzhou City, Fujian Province, the PRC.

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the manufacturing and sale of personal care products, provision of food and beverage services, provision of financial business, properties holding, trading 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. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

Other than the changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRS**"), the accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2020.

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 2021 for the preparation of the Group's unaudited condensed 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

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

The Group has not applied any new or revised IFRSs that have been issued but are not yet effective for 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:

- (a) Personal care products – manufacture 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 and provision of related services
- (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, asset management services, securities investment, money lending, finance lease and factoring
- (d) Properties holding
- (e) Trading

3. OPERATING SEGMENT INFORMATION *(Continued)*

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, gain on disposal of associates, equity-settled share-based payments, other unallocated income and gains, finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

For the current period under review, financial services segment, securities investment segment and financing business segment previously reported separately have been combined to financial business 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 six months ended 30 June 2020 have been restated to conform with the presentation of segmental information adopted in respect of the current period. These restatements of segments information have no impact on the Group's revenue and profit/loss for the current period and comparative prior period nor on the total assets and total liabilities of the Group as at 30 June 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.

3. OPERATING SEGMENT INFORMATION (Continued)

	Personal care products RMB'000	Food and beverage RMB'000	Financial business RMB'000	Properties holding RMB'000	Trading RMB'000	Total RMB'000
Segment revenue and segment results for the six months ended 30 June 2021						
Segment revenue	<u>186,471</u>	<u>161,927</u>	<u>44,494</u>	<u>–</u>	<u>10,062</u>	<u>402,954</u>
Segment (loss)/profit	<u>(29,715)</u>	<u>4,563</u>	<u>12,329</u>	<u>(736)</u>	<u>129</u>	<u>(13,430)</u>
Interest income from bank deposits						865
Gain on disposal of subsidiaries						1,783
Gain on disposal of associates						1,290
Other unallocated income and gains						500
Equity-settled share-based payments						(4,374)
Corporate and other unallocated expenses						(7,733)
Finance costs						<u>(2,133)</u>
Loss before tax						<u><u>(23,232)</u></u>
Segment revenue and segment results for the six months ended 30 June 2020 (restated)						
Segment revenue	<u>242,356</u>	<u>171,033</u>	<u>16,103</u>	<u>–</u>	<u>6,523</u>	<u>436,015</u>
Segment (loss)/profit	<u>(807)</u>	<u>4,290</u>	<u>11,665</u>	<u>(10,104)</u>	<u>(1,005)</u>	<u>4,039</u>
Interest income from bank deposits						1,459
Loss on disposal of subsidiaries						(65)
Gain on disposal of associates						–
Other unallocated income and gains						332
Equity-settled share-based payments						–
Corporate and other unallocated expenses						(4,549)
Finance costs						<u>(1,827)</u>
Loss before tax						<u><u>(611)</u></u>

3. OPERATING SEGMENT INFORMATION *(Continued)*

	Personal care products <i>RMB'000</i>	Food and beverage <i>RMB'000</i>	Financial business <i>RMB'000</i>	Properties holding <i>RMB'000</i>	Trading <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets and segment liabilities as at 30 June 2021						
Segment assets	<u>338,919</u>	<u>148,508</u>	<u>474,809</u>	<u>155,907</u>	<u>41,672</u>	1,159,815
Goodwill						40,916
Corporate and other unallocated assets						<u>144,315</u>
Total assets						<u><u>1,345,046</u></u>
Segment liabilities	<u>322,456</u>	<u>46,068</u>	<u>188,239</u>	<u>19,145</u>	<u>7,824</u>	583,732
Corporate and other unallocated liabilities						<u>61,773</u>
Total liabilities						<u><u>645,505</u></u>
	Personal care products <i>RMB'000</i>	Food and beverage <i>RMB'000</i>	Financial business <i>RMB'000</i>	Properties holding <i>RMB'000</i>	Trading <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets and segment liabilities as at 31 December 2020 (restated)						
Segment assets	<u>447,789</u>	<u>127,224</u>	<u>523,468</u>	<u>157,851</u>	<u>4,643</u>	1,260,975
Goodwill						37,174
Corporate and other unallocated assets						<u>131,714</u>
Total assets						<u><u>1,429,863</u></u>
Segment liabilities	<u>414,211</u>	<u>35,810</u>	<u>168,761</u>	<u>18,987</u>	<u>231</u>	638,000
Corporate and other unallocated liabilities						<u>68,603</u>
Total liabilities						<u><u>706,603</u></u>

4. REVENUE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue from sale of goods	196,533	248,879
Income from food and beverage business	161,927	171,033
Income from provision of professional services	29,613	7,552
Income from provision of services regarding dealing in securities and futures contracts	625	–
Income from asset management and advising on securities services	3,314	–
	<hr/>	<hr/>
Revenue from contracts with customers	392,012	427,464
Interest income from finance lease business	5,376	14
Interest income from money lending business	1,595	7,131
Interest income from financial assets at fair value through profit or loss	788	1,406
Fair value gain on financial assets at fair value through profit or loss	3,183	–
	<hr/>	<hr/>
	10,942	8,551
	<hr/>	<hr/>
Total revenue	402,954	436,015
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Disaggregation of revenue from contracts with customers

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

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Timing of revenue recognition		
At a point in time	369,780	415,883
Over time	22,232	11,581
	<hr/>	<hr/>
	392,012	427,464
	<hr/> <hr/>	<hr/> <hr/>

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income from bank deposits	865	1,762
Gain on disposal of subsidiaries	1,783	–
Gain on disposal of associates	1,290	–
Gain on disposal of property, plant and equipment	1,587	40
Government subsidies*	1,731	2,107
Net foreign exchange gains	375	5,848
Reversal of impairment loss on loan and interest receivables (<i>note 12</i>)	776	8,156
Sundry income	1,424	1,274
	<u>9,831</u>	<u>19,187</u>

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

6. OTHER EXPENSES

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Impairment loss on trade receivables	11,186	24
Impairment loss on finance lease receivables	2,955	–
Impairment loss on other receivables	–	2,014
Impairment loss on properties for development	–	5,437
Loan and interest receivables written off (<i>note 12</i>)	566	6,525
Loss on change in fair value of investment properties	–	4,531
Loss on disposal of a subsidiary	–	65
Others	20	167
	<u>14,727</u>	<u>18,763</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank borrowings	242	560
Interest on other borrowings	1,243	664
Finance costs on lease liabilities	648	603
	<u>2,133</u>	<u>1,827</u>

8. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories sold (<i>note a</i>)	287,467	324,910
Depreciation of property, plant and equipment (<i>note a</i>)	9,200	7,723
Depreciation of right-of-use assets	3,708	3,590
Lease payments under short-term leases and low value assets	1,296	1,195
Storage expenses	7,157	8,259
Employee benefit expenses (including directors' remuneration) (<i>note a & b</i>):		
Wages and salaries	42,968	35,493
Equity-settled share-based payments	4,374	–
Retirement benefit scheme contributions	3,397	1,826
Total staff costs	<u>50,739</u>	<u>37,319</u>
Auditors' remuneration	356	493
Research and development costs (<i>note b</i>)	<u>14,299</u>	<u>11,977</u>

Notes:

- (a) The depreciation of property, plant and equipment and employee benefit expenses include amounts of approximately RMB4,135,000 (2020: approximately RMB2,270,000) and approximately RMB15,914,000 (2020: approximately RMB16,910,000) respectively which are also included in the cost of inventories sold.
- (b) For the six months ended 30 June 2021, the research and development costs include an amount of approximately RMB6,165,000 (2020: approximately RMB4,045,000) relating to staff costs for research and development activities, which also include in the total amounts of employee benefit expenses.

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Hong Kong Profits Tax	2,001	2,092
PRC Enterprise Income Tax	3,467	80
	<hr/>	<hr/>
Current tax expense	5,468	2,172
Deferred tax charge/(credit)	161	(86)
	<hr/>	<hr/>
Total income tax expense	5,629	2,086
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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 qualifying corporation will be taxed at 8.25% (2020: 8.25%), and assessable profits above HK\$2 million will be taxed at 16.5% (2020: 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% (2020: 16.5%).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% of the profit assessable to tax for both of the periods presented.

10. DIVIDENDS

The directors of the Company do not recommend any payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

11. 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:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Loss		
Loss for the purpose of basic loss per share		
Loss for the period attributable to equity holders of the Company	<u>(31,364)</u>	<u>(645)</u>
	2021	2020
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,831,206</u>	<u>1,810,123</u>

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share.

Diluted loss per share for the six months ended 30 June 2021 and 30 June 2020 are not presented as there were no other potential shares in issue for both of the periods.

12. LOAN AND INTEREST RECEIVABLES

	30 June 2021 <i>RMB'000</i> (unaudited)	31 December 2020 <i>RMB'000</i> (audited)
Loan and interest receivables thereon		
– within one year	29,011	36,709
– in the second to fifth year	1,089	3,685
– over five years	199	237
	<hr/>	<hr/>
	30,299	40,631
Less: Impairment loss recognised	(5,786)	(6,642)
	<hr/>	<hr/>
	24,513	33,989
	<hr/> <hr/>	<hr/> <hr/>
Analysed for reporting as:		
Non-current assets	1,288	3,922
Current assets	23,225	30,067
	<hr/>	<hr/>
	24,513	33,989
	<hr/> <hr/>	<hr/> <hr/>
Movements during the period/year are as follows:		
	Six months ended 30 June 2021 <i>RMB'000</i> (unaudited)	Year ended 31 December 2020 <i>RMB'000</i> (audited)
At beginning of the period/year	33,989	79,902
Loans made by the Group	3,336	52,673
Interest on loan receivables (<i>note 4</i>)	1,595	9,264
Loan and interest repaid by borrowers	(14,223)	(100,777)
Loan and interest written off (<i>note 6</i>)	(566)	(7,363)
Reversal of impairment loss recognised (<i>note 5</i>)	776	2,592
Exchange realignment	(394)	(2,302)
	<hr/>	<hr/>
At end of the period/year	24,513	33,989
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13. TRADE RECEIVABLES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Trade receivables arising from dealing in securities and futures contracts services (<i>note a</i>)	108,692	95,763
Trade receivables arising from other businesses (<i>note b</i>)	163,198	214,743
	<hr/>	<hr/>
Trade receivables, gross amount	271,890	310,506
Less: allowance for trade receivables arising from other businesses	(37,799)	(26,839)
	<hr/>	<hr/>
	234,091	283,667
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) The trade receivables arising 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 30 June 2021 based on credit terms and are not impaired and are settled subsequent to 30 June 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) The trade receivables arising from other businesses include trade receivables arising from personal care products, food and beverage, trading and financial business services. 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 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.

13. TRADE RECEIVABLES (Continued)

Notes: (Continued)

(b) (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 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Within 30 days	64,029	52,359
31 to 60 days	17,440	26,778
61 to 90 days	14,660	48,673
Over 90 days	29,270	60,094
	<u>125,399</u>	<u>187,904</u>

14. TRADE AND BILLS PAYABLES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Trade payables arising from dealing in securities and futures contracts services (note a)	139,705	88,934
Trade and bills payables arising from other businesses (note b)	176,496	267,871
	<u>316,201</u>	<u>356,805</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) The trade and bills payables arising from other businesses include trade and bills payables arising from personal care products, food and beverage, trading and financial business services.

14. TRADE AND BILLS PAYABLES (Continued)

Notes: (Continued)

(b) (Continued)

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Within 30 days	62,646	157,064
31 to 90 days	79,982	54,908
Over 90 days	33,868	55,899
	<hr/> 176,496 <hr/>	<hr/> 267,871 <hr/>

The trade and bills payables are interest free and are normally settled on terms of 30 days to 180 days (31 December 2020: 30 days to 180 days).

BUSINESS REVIEW

Personal Care Products

During the six months ended 30 June 2021 (the “**Reporting Period**”), the Group’s business segment of personal care products contributed a total revenue of approximately RMB186.5 million, representing a decrease of about 23.0% over the same period of last year (30 June 2020: approximately RMB242.4 million). The personal care products business recorded a loss of approximately RMB29.7 million during the Reporting Period as compared with loss of approximately RMB0.8 million for the period ended 30 June 2020. The decrease in the turnover was mainly due to decrease in the demand for anti-epidemic products and intensified competition in the personal care products 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 RMB161.9 million to the Group, representing a decrease of about 5.3% over the same period of last year (30 June 2020: approximately RMB171.0 million). The decrease in the turnover was mainly due to decrease in the demand for frozen foods such as meat and poultry for families in Hong Kong in response to the relaxation of social-distancing measures and restrictions on restaurants dine-in services imposed by the Hong Kong government.

The provision of food and beverage services business recorded a segment profit of approximately RMB4.6 million during the Reporting Period (30 June 2020: approximately RMB4.3 million).

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, provision of finance lease and factoring business.

During the Reporting Period, the Group’s business segment of provision of financial business contributed a total revenue of approximately RMB44.5 million to the Group (30 June 2020: approximately RMB16.1 million), representing increase of about 176.3% over the same period of last year.

The provision of financial business recorded a segment profit of approximately RMB12.3 million during the Reporting Period (30 June 2020: approximately RMB11.7 million).

– ***Securities Investment Business***

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

For the Reporting Period, this business recorded a turnover of approximately RMB3.9 million (30 June 2020: approximately RMB1.4 million) due to the optimistic stock markets environment in Hong Kong and the overseas.

As at 30 June 2021, the Group had a portfolio of securities investment of approximately RMB50.7 million, which consisted of equity securities listed in Hong Kong of approximately RMB12.4 million, unlisted investment fund of approximately RMB19.8 million, equity-linked investments of approximately RMB13.4 million, bond investment of approximately RMB3.4 million and unlisted equity investments of approximately RMB1.7 million.

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 of the Group during the year 2020.

For the Reporting Period, this business recorded a turnover of approximately RMB33.6 million (30 June 2020: approximately RMB7.6 million) due to increase in demand of fund set up and administration services in Hong Kong.

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 period ended 30 June 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 lease and factoring business in the PRC in 2020. This business recorded a turnover of approximately RMB7.0 million (30 June 2020: approximately RMB7.1 million) due to the Group's business strategy to allocate more resources on its securities brokerage, asset management and professional services business.

As at 30 June 2021, the Group has outstanding (i) unsecured loans of approximately RMB17.6 million with average effective interest rate of approximately 29.8% per annum and terms ranging from 12 to 120 months; and (ii) mortgage loans of approximately RMB6.9 million with average effective interest rate of approximately 13.4% per annum and terms ranging from 1 to 12 months. The mortgage loans granted by the Group were typically secured by mortgages, charge on shares or assets. In the event of default or failure to repay any outstanding amounts by the debtors, the Group has the right to proceed with sale of collaterals; (iii) finance lease receivables of approximately RMB20.9 million with average effective interest rate of approximately 39.9% per annum and terms ranging from 3 to 36 months and (iv) factoring receivables of approximately RMB3.4 million with average effect interest rate of approximately 21.7% per annum and terms of 24 months.

The loan and interest receivables of approximately RMB0.6 million was written off during the Reporting Period (30 June 2020: approximately RMB6.5 million).

A reversal of impairment loss on loan and interest receivables of approximately RMB0.8 million was recognised during the Reporting Period (30 June 2020: approximately RMB8.2 million).

An impairment loss on finance lease receivables of approximately RMB3.0 million was provided during the Reporting Period (30 June 2020: Nil).

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 (30 June 2020: Nil). The properties holding business recorded a segment loss of approximately RMB0.7 million during the Reporting Period (30 June 2020: approximately RMB10.1 million).

Trading

During the Reporting Period, the Group's business segment of trading contributed a total revenue of approximately RMB10.1 million to the Group, representing an increase of about 54.2% over the same period of last year (30 June 2020: approximately RMB6.5 million), which was mainly due to Group's business strategy to focus on the development of this business segment.

During the Reporting Period, the Group's trading business recorded a segment profit of approximately RMB0.1 million (30 June 2020: segment loss of approximately RMB1.0 million).

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group was approximately RMB403.0 million, representing a decrease of about 7.6% over the same period of last year (for the period ended 30 June 2020: approximately RMB436.0 million).

Gross Profit and Gross Profit Margin

Gross profit of the Group for the Reporting Period was approximately RMB104.9 million, representing a decrease of about 5.6% as compared with RMB111.1 million for the period ended 30 June 2020.

During the Reporting Period, the gross profit margin of the Group increased by around 0.5% over the same period of last year to about 26.0% (for the period ended 30 June 2020: approximately 25.5%). The increase in overall gross profit margin was primarily due to the improvement of the gross profit margin for the financial and trading business.

The gross profit for personal care products business was about RMB46.1 million for the Reporting Period, representing a decrease of about 38.8% as compared with about RMB75.4 million for the period ended 30 June 2020. Gross profit margin decreased to about 24.7%, representing a decrease of about 6.4% compared with the same period of last year.

The gross profit for the provision of food and beverage services business for the Reporting Period was approximately RMB20.4 million (for the period ended 30 June 2020: approximately RMB21.7 million). Gross profit margin was approximately 12.6%, representing a decrease of approximately 0.1% compared with the same period of last year.

The gross profit of provision of financial business for the Reporting Period was approximately RMB38.3 million (for the period ended 30 June 2020: approximately RMB14.6 million).

The Group did not record any gross profit for properties holding business for the Reporting Period (gross profit for the period ended 30 June 2020: nil).

The gross profit for trading business for the Reporting Period was approximately RMB0.1 million (gross loss for the period ended 30 June 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 RMB50.5 million for the Reporting Period, representing a decrease of about 16.6% as compared with about RMB60.6 million for the period ended 30 June 2020. The decrease was mainly due to decrease of the revenue of personal care products business and provision of food and beverage services business.

The selling and distribution expenses accounted for about 12.5% of the revenue during the Reporting Period (for the period ended 30 June 2020: approximately 13.9%), among which, advertising and promotion expenses, as a percentage of revenue, increased from about 2.8% for the period ended 30 June 2020 to about 3.1% for the Reporting Period. The transportation expenses and other expenses, as a percentage of revenue, decreased about 6.0% to about 5.1% for the Reporting Period as compared with the same period of 2020 (for the period ended 30 June 2020: approximately 11.1%).

Administrative Expenses

Administrative expenses primarily consisted of salaries and wages for administrative staff, depreciation, research and development and other expenses. Administrative expenses of the Group amounted to approximately RMB69.3 million for the Reporting Period (for the period ended 30 June 2020: approximately RMB49.4 million), representing an increase of about 40.4% over the same period of last year. The increase was mainly due to increase in salary and professional fees from the financial business of the Group.

Administrative expenses accounted for about 17.2% of the Group's revenue for the Reporting Period (for the period ended 30 June 2020: approximately 11.3%).

Finance Costs

The Group had finance costs of approximately RMB2.1 million for the Reporting Period (30 June 2020: approximately RMB1.8 million).

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

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group for the six months ended 30 June 2021. As at 30 June 2021, the Group did not have any future plans for 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 RMB31.4 million as compared with loss attributable to equity holders of the Company of approximately RMB0.6 million for the period ended 30 June 2020. The net loss margin was about 7.8% as compared with about 0.1% of net loss margin for the period ended 30 June 2020, with basic loss per share of approximately RMB1.71 cents (basic loss per share for the period ended 30 June 2020: approximately RMB0.04 cents).

Capital Expenditure

For the Reporting Period, the Group's material capital expenditure amounted to approximately RMB19.5 million (31 December 2020: approximately RMB45.9 million), mainly used for renovation of our plants, consolidation work of our plants, offices and consolidation work of plants and warehouse and acquisition of new equipment.

Financial Resources and Liquidity

As at 30 June 2021, cash and bank balances of the Group amounted to approximately RMB339.0 million (31 December 2020: approximately RMB359.2 million). The current ratio was 1.6 (31 December 2020: 1.6). Our liquidity remained healthy. The uses of balance of cash and bank balances were mainly as follows: firstly, developing the provision of food and beverage services business; secondly, developing the financial business; and thirdly, pursuing of the potential acquisition and other investment.

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 places 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 places 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\$24.25 million, and the Group intends to use all of the net proceeds to develop its financial service 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 30 June 2021, the Group’s loan and interest receivables were approximately RMB24.5 million (31 December 2020: approximately RMB34.0 million). During the Reporting Period, the Group had provided loans of approximately RMB3.3 million (31 December 2020: approximately RMB52.7 million), with an average annual interest rate of approximately 10.0% (31 December 2020: approximately 15.2%).

A reversal of impairment loss on loan and interest receivables of approximately RMB0.8 million was made during the Reporting Period (30 June 2020: approximately RMB8.2 million).

Written off of the loan and interest receivables of approximately RMB0.6 million was made during the Reporting Period (30 June 2020: approximately RMB6.5 million).

Finance Lease Receivables

As at 30 June 2021, the Group's finance lease receivables were approximately RMB20.9 million (31 December 2020: approximately RMB35.0 million). An impairment loss on finance lease receivables of approximately RMB3.0 million was provided during Reporting Period (30 June 2020: Nil).

Factoring Receivables

As at 30 June 2021, the Group's factoring receivables were approximately RMB3.4 million (31 December 2020: approximately RMB3.2 million).

Trade Receivables

As at 30 June 2021, the Group's trade receivables were approximately RMB234.1 million (31 December 2020: approximately RMB283.7 million). The Group usually grants a credit period of 30 to 180 days to our customers.

Trade and Bills Payables

As at 30 June 2021, trade and bills payables were approximately RMB316.2 million (31 December 2020: approximately RMB356.8 million). The Group settled its payables within 30 to 180 days in general and kept good payment records.

Inventories

As at 30 June 2021, inventories of the Group were approximately RMB82.3 million (31 December 2020: approximately RMB48.3 million) and the inventory balance increased by about 70.5% over 31 December 2020.

Gearing Ratio

As at 30 June 2021, the current assets and total assets of the Group were approximately RMB980.9 million and RMB1,345.0 million respectively, the current liabilities and total liabilities of the Group were approximately RMB620.0 million and RMB645.5 million respectively. The gearing ratio (total liabilities/total assets) of the Group was approximately 48.0% (31 December 2020: approximately 49.4%).

Bank and Other Borrowings

As at 30 June 2021,

- (i) the Group had bank borrowings of approximately RMB63.7 million (31 December 2020: approximately RMB50.0 million). Facilities were provided to the Group from banks in Hong Kong in relation to bank borrowings amounting to RMB11.9 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 relation to secured bank borrowings amounting to RMB51.2 million (31 December 2020: Facilities were provided to the Group from banks in PRC in relation to bank borrowing amounting to RMB50.0 million with a guarantee from suppliers in the PRC);
- (ii) the Group had other secured borrowings of approximately RMB101.4 million (31 December 2020: approximately RMB108.1 million); and

Pledge of Assets

As at 30 June 2021,

- (i) the Group had pledged deposits of approximately RMB63.4 million (31 December 2020: approximately RMB38.1 million) for short-term bank borrowings and bills payable;
- (ii) investment property of approximately RMB70.7 million (31 December 2020: approximately RMB71.6 million) was pledged for other borrowings; and
- (iii) certain shares of subsidiaries have been pledged for other borrowing (31 December 2020: certain shares of subsidiaries have been pledged for other borrowings).

Capital Structure

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

Risk of Foreign Exchange

The Group's business operations are denominated mainly in 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 agreements or purchased instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of RMB, HK\$ or USD may have an impact on the financial results of the Group.

The Board considers that the foreign exchange risk with respect to HK\$ and USD is not significant. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

Contingent Liabilities

As at 30 June 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 adopt a prudent approach for the development of its businesses.

The Group had recorded steady growth in the financial performance of food and beverage services business. The Directors consider that the prospect of the food and beverage service industry in Hong Kong to remain optimistic in the medium to long term with the strong customer network, which mainly comprises of reputable branded chain-stores, hotel restaurants and supermarkets in Hong Kong. To broaden the business further, the Group is also seeking further investment opportunity of the provision of food and beverage services, including but not limited to purchase its own inventory storage if suitable opportunity arises and may further seek to form cooperation with reliable logistic specialist 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 its existing businesses into the 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 Group's manufacture and sale of personal care products business had continuing recorded losses. The expansion of other existing businesses of the Group and the diversification into the financial services industry will enable the Group to enhance its overall financial performance in the future.

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.

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

EMPLOYEES AND REMUNERATION

As at 30 June 2021, the Group employed 982 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 rewarded by the Group to those staff members with outstanding performance.

The Group operates the Mandatory Provident Funds 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 organisations (“**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 was adopted by the Company in June 2011 and was 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.

DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”), comprising the Company’s three independent non-executive Directors, has reviewed the unaudited condensed consolidated results of the Company for the six months ended 30 June 2021, 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 14 of the Listing Rules during the period ended 30 June 2021 apart from the code provisions E.1.2 and A.2.1 as disclosed below.

Under code provision E.1.2 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 A.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 and deviated from the requirements under code provision A.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 for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. All the Directors have confirmed, following specific enquiry made by the Company, that they have complied with the required standard as set out in the Model Code during the Reporting Period.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 11 June 2021, the Company entered into a placing agreement with Merdeka Securities pursuant to which Merdeka Securities had conditionally agreed, as agent of the Company, to procure on a best effort basis, for up to 362,000,000 placing shares at the placing price of HK\$0.068 per placing share. The placing was completed on 5 July 2021 and 362,000,000 new shares of HK\$0.068 per shares was issued by the Company giving rise to net proceed of approximately HK\$24.25 million. Details of the said placing are set out in the Company’s announcements dated 11 June 2021 and 5 July 2021.

Saved as disclosed above, there are no significant events subsequent to 30 June 2021 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 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, 27 August 2021

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.