

未來發展控股有限公司 Prosperous Future Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1259



2021
INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tsai Wallen (*Chairman*) (*resigned on 30 June 2021*)
Mr. Lau Ka Ho (*Chief Executive Officer*)
Mr. Chan Hoi Tik (*Chief Financial Officer*)
Mr. Fok King Man Ronald (*Chief Investment Officer*)
(*appointed on 8 January 2021*)

Non-executive Directors

Mr. Li Zhouxin
Mr. Sze Wine Him Jaime

Independent Non-executive Directors

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

BOARD COMMITTEES

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

Executive Committee

Mr. Tsai Wallen (*resigned on 30 June 2021*)
Mr. Lau Ka Ho (*re-designated from a member to the
Chairman on 30 June 2021*)
Mr. Chan Hoi Tik
Mr. Fok King Man Ronald (*appointed on 8 January 2021*)

Investment and Credit Committee

Mr. Lau Ka Ho (*Chairman*) (*appointed on 8 January 2021*)
Mr. Tsai Wallen (*appointed on 8 January 2021 and
resigned on 30 June 2021*)
Mr. Fok King Man Ronald (*appointed on 8 January 2021*)

COMPANY SECRETARY

Mr. Chan Hoi Tik (*resigned on 8 January 2021*)
Mr. Li Kin Ping (*appointed on 8 January 2021*)

AUDITOR

CCTH CPA Limited

PRINCIPAL BANKERS

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

STOCK CODE

1259

COMPANY WEBSITE

www.pfh.hk

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

17/F., Fung House,
Nos. 19-20 Connaught Road Central, Central,
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3,
Building D, P.O. Box 1586,
Gardenia Court, Camana Bay,
Grand Cayman, KY1-1100,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

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

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 placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 362,000,000 placing shares at the placing price of HK\$0.068 per placing share. Completion of the said placing took place on 5 July 2021 and 362,000,000 placing shares were placed to not less than six placees at the placing price of HK\$0.068 per placing share.

The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the said placing, amounted to approximately HK\$24.25 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); and
- (ii) the Group had other secured borrowings of approximately RMB101.4 million (31 December 2020: approximately RMB108.1 million).

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 of Directors (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 of the Company (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 Renminbi (“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).

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	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	13	40,916	37,174
Interests in associates		–	6,000
Interest in a joint venture		–	–
Financial assets at fair value through other comprehensive income	14	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	15	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	15	23,225	30,067
Trade receivables	16	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

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
CURRENT LIABILITIES			
Trade and bills payables	17	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
Amount 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	18	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

Chan Hoi Tik
Director

Lau Ka Ho
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to equity holders of the Company										
	Share capital	Share premium	Share option reserve	Capital reserve	FVTOCI revaluation reserve	Capital redemption reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021 (audited)	15,348	572,335	34,890	11	(88,756)	16	5,797	140,765	680,406	42,854	723,260
Loss for the period	-	-	-	-	-	-	-	(31,364)	(31,364)	2,503	(28,861)
Other comprehensive (expense)/income											
Exchange differences on translation of operations outside Mainland China	-	-	-	-	-	-	(3,047)	-	(3,047)	(1,734)	(4,781)
Loss on change in fair value of financial assets at fair value through other comprehensives income, net of tax	-	-	-	-	(1,546)	-	-	-	(1,546)	-	(1,546)
Total comprehensive (expense)/income for the period	-	-	-	-	(1,546)	-	(3,047)	(31,364)	(35,957)	769	(35,188)
Issue of new shares upon exercise of share options	845	8,698	(2,448)	-	-	-	-	-	7,095	-	7,095
Recognition of equity-settled share-based payments	-	-	4,374	-	-	-	-	-	4,374	-	4,374
Transferred to retained profits upon cancellation of share options	-	-	(1,402)	-	-	-	-	1,402	-	-	-
Transferred to retained profits upon forfeiture of share options	-	-	(67)	-	-	-	-	67	-	-	-
At 30 June 2021 (unaudited)	16,193	581,033	35,347	11	(90,302)	16	2,750	110,870	655,918	43,623	699,541

Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2021

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Net cash used in operating activities		(7,529)	6,056
Investing activities			
Purchase of property, plant and equipment	12	(19,485)	(9,259)
Proceeds from disposal of property, plant and equipment		2,516	4,345
Net cash outflow from acquisition of subsidiary	20	(1,429)	(24,575)
Net cash inflow from disposal of subsidiaries	21	791	–
Proceeds from disposal of investment in associates		6,000	–
Decrease in other financial assets		16,870	–
(Increase)/decrease in pledged bank deposits		(25,299)	12,257
Income from other financial assets received		–	303
Net cash used in investing activities		(20,036)	(16,929)
Financing activities			
Proceeds from issue of shares arising from exercise of share options		7,095	–
Drawdown of bank loans		63,086	50,000
Drawdown of other loans		–	45,580
Repayment of bank loans		(50,000)	–
Repayment of other loans		(6,000)	(20,000)
Payment of lease liabilities		(3,365)	(3,550)
Net cash generated from financing activities		10,816	72,030
Net (decrease)/increase in cash and cash equivalents		(16,749)	61,157
Cash and cash equivalents at beginning of the period		359,201	414,065
Effect of foreign exchange rate changes, net		(3,438)	1,852
Cash and cash equivalents at end of the period		339,014	477,074
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances (2020: cash and cash equivalents) presented in condensed consolidated statement of financial position		339,014	477,074

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.

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

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	186,471	161,927	44,494	–	10,062	402,954
Segment (loss)/profit	(29,715)	4,563	12,329	(736)	129	(13,430)
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						(2,133)
Loss before tax						(23,232)

	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 2020 (restated)						
Segment revenue	242,356	171,033	16,103	–	6,523	436,015
Segment (loss)/profit	(807)	4,290	11,665	(10,104)	(1,005)	4,039
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						(1,827)
Loss before tax						(611)

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 assets and segment liabilities as at 30 June 2021						
Segment assets	338,919	148,508	474,809	155,907	41,672	1,159,815
Goodwill						40,916
Corporate and other unallocated assets						144,315
Total assets						1,345,046
Segment liabilities	322,456	46,068	188,239	19,145	7,824	583,732
Corporate and other unallocated liabilities						61,773
Total liabilities						645,505

	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 assets and segment liabilities as at 31 December 2020 (restated)						
Segment assets	447,789	127,224	523,468	157,851	4,643	1,260,975
Goodwill						37,174
Corporate and other unallocated assets						131,714
Total assets						1,429,863
Segment liabilities	414,211	35,810	168,761	18,987	231	638,000
Corporate and other unallocated liabilities						68,603
Total liabilities						706,603

4. REVENUE

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

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (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	–
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	–
	10,942	8,551
Total revenue	402,954	436,015

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 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Timing of revenue recognition		
At a point in time	369,780	415,883
Over time	22,232	11,581
	392,012	427,464

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Interest income from bank deposits	865	1,762
Gain on disposal of associates	1,290	–
Gain on disposal of subsidiaries (note 21(a))	1,783	–
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 (note 15)	776	8,156
Sundry income	1,424	1,274
	9,831	19,187

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

6. OTHER EXPENSES

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (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 (note 15)	566	6,525
Loss on change in fair value of investment properties	–	4,531
Loss on disposal of a subsidiary (note 21(b))	–	65
Others	20	167
	14,727	18,763

7. FINANCE COSTS

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

8. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Cost of inventories sold (note a)	287,467	324,910
Depreciation of property, plant and equipment (note a)	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) (note a & b):		
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	50,739	37,319
Auditors' remuneration	356	493
Research and development costs (note b)	14,299	11,977

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 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Hong Kong Profits Tax	2,001	2,092
PRC Enterprise Income Tax	3,467	80
Current tax expense	5,468	2,172
Deferred tax charge/(credit)	161	(86)
Total income tax expense	5,629	2,086

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% (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 RMB'000	2020 RMB'000
Loss		
Loss for the purpose of basic loss per share		
Loss for the period attributable to equity holders of the Company	(31,364)	(645)
	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,831,206	1,810,123

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. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June 2021 RMB'000 (unaudited)	Year ended 31 December 2020 RMB'000 (audited)
At beginning of the period/year, net of accumulated depreciation and impairment	102,684	85,729
Additions, at cost	19,485	45,920
Additions upon acquisition of a subsidiary	472	1,710
Disposals	(929)	(13,941)
Depreciation provided for the period/year	(9,200)	(14,949)
Eliminated upon disposal of subsidiaries	(11)	(961)
Exchange realignment	(149)	(824)
At end of the period/year, net of accumulated depreciation and impairment	112,352	102,684

13. GOODWILL

	Six months ended 30 June 2021 RMB'000 (unaudited)	Year ended 31 December 2020 RMB'000 (audited)
Cost		
At beginning of the period/year	43,573	2,804
Acquisition of subsidiary (Note 20(a))	3,742	40,769
At end of the period/year	47,315	43,573
Accumulated impairment losses		
At beginning of the period/year	6,399	2,804
Impairment loss recognised	–	3,595
At end of the period/year	6,399	6,399
Carrying amount at end of the period/year	40,916	37,174

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Financial assets at fair value through other comprehensive income		
– Equity securities listed in Hong Kong	5,780	6,796
– Unlisted investment fund	19,821	20,453
– Unlisted equity investments	1,727	–
	27,328	27,249

15. LOAN AND INTEREST RECEIVABLES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (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
	30,299	40,631
Less: Impairment loss recognised	(5,786)	(6,642)
	24,513	33,989
Analysed for reporting as:		
Non-current assets	1,288	3,922
Current assets	23,225	30,067
	24,513	33,989

15. LOAN AND INTEREST RECEIVABLES (continued)

Movements during the period/year are as follows:

	Six months ended 30 June 2021 RMB'000 (unaudited)	Year ended 31 December 2020 RMB'000 (audited)
At beginning of the period/year	33,989	79,902
Loans made by the Group	3,336	52,673
Interest on loan receivables (note 4)	1,595	9,264
Loan and interest repaid by borrowers	(14,223)	(100,777)
Loan and interest written off (note 6)	(566)	(7,363)
Reversal of impairment loss recognised (note 5)	776	2,592
Exchange realignment	(394)	(2,302)
At end of the period/year	24,513	33,989

16. 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 (note a)	108,692	95,763
Trade receivables arising from other businesses (note b)	163,198	214,743
Trade receivables, gross amount	271,890	310,506
Less: allowance for trade receivables arising from other businesses	(37,799)	(26,839)
	234,091	283,667

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.

16. TRADE RECEIVABLES (continued)

- (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.

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
	125,399	187,904

17. 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
	316,201	356,805

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.

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
	176,496	267,871

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).

18. SHARE CAPITAL

	Six months ended 30 June 2021		Year ended 31 December 2020	
	Number of ordinary shares '000	Share capital RMB'000 (unaudited)	Number of ordinary shares '000	Share capital RMB'000 (audited)
Authorised:				
Ordinary shares of HK\$0.01 each				
At beginning and end of the period/year	5,000,000	41,524	5,000,000	41,524
Issued and fully paid:				
Ordinary shares of HK\$0.01 each				
At beginning of the period/year	1,810,123	15,348	1,810,123	15,348
Issue of new shares upon exercise of share options	102,000	845	–	–
At end of the period/year	1,912,123	16,193	1,810,123	15,348

19. SHARE OPTION SCHEMES

(A) 2011 Share Option Scheme

On 22 June 2011, the Company operated a share option scheme (the "2011 Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the 2011 Share Option Scheme include, among others, the Company's Directors, including independent non-executive Directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group and the Company's Shareholders.

The 2011 Share Option Scheme had a life of 10 years and was expired on 21 June 2021 such that no further options shall thereafter be offered under the 2011 Share Option Scheme but the options, which had been granted during its life, shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2011 Share Option Scheme shall remain in full force and effect.

19. SHARE OPTION SCHEMES *(continued)*

(B) 2021 Share Option Scheme

On 25 June 2021, a new share option scheme was adopted by the Shareholders at the annual general meeting of the Company (the "2021 Share Option Scheme") for the purpose of providing an incentive or a reward to selected eligible participants for their contribution or potential contribution to, and continuing efforts to promote the interests of, the Group or any invested entity and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any invested entity. Eligible participants of the 2021 Share Option Scheme include, among others, (i) any employee (whether full-time or part-time) of the Company, any of the subsidiaries and any invested entity; (ii) any Director (including executive, non-executive and independent non-executive Directors) of the Company, any of the subsidiaries or any invested entity; (iii) any supplier of goods or services to any member of the Group or any invested entity; (iv) any customer of the Group or any invested entity; or (v) any business or joint venture partners, contractors, agents or representatives, consultants, advisers or service providers that provides research, development, professional services or other technological support to the Group or any invested entity.

The 2021 Share Option Scheme has a life of 10 years and no options were granted since the date of its adoption.

A summary of the general terms of the 2011 Share Option Scheme and the 2021 Share Option Scheme (the "Share Option Schemes") are as follows:

(i) *Maximum number of shares available for issue*

The total number of shares which may be issued upon exercise of all options to be granted under the 2021 Share Option Scheme shall not exceed 10% of the shares in issue as at the date of approval of the 2021 Share Option Scheme, provided that the Company may seek approval from Shareholders to refresh such limit. Moreover, the maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Schemes shall not exceed 30% of the shares in issue from time to time.

Up to the date of approval of these condensed consolidated interim financial statements, the total number of shares available for issue under the 2021 Share Option Scheme is 191,212,300, representing approximately 8.4% of the issued shares of the Company as at the date of this report.

19. SHARE OPTION SCHEMES (continued)

(ii) *Grant of share options to connected persons or any of their associates*

Share options granted to a connected person (including but not limited to a Director, chief executive or substantial Shareholder of the Company), or to any of its associates, are subject to approval in advance by the independent non-executive Directors (excluding the independent non-executive Director who or whose associate is the grantee of the option). Any share options are proposed to be granted to a connected person who is also a substantial Shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares on the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to Shareholders' approval in advance in a general meeting.

(iii) *Maximum entitlement of each eligible participant*

The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant or grantee (including exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the total number of shares of the Company in issue. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

(iv) *Time of exercise of options*

The exercise period of the share options granted is determinable by the Directors, and ends on a date which is no longer than ten years from the date of grant of the share options.

(v) *Acceptance of Offer*

The offer of a grant of share options shall be accepted by the grantee within 28 days for 2011 Share Option Scheme and 21 days for 2021 Share Option Scheme from the date of offer when the duplicate letter comprising acceptance of the share option duly signed by the grantee together with a payment of HK\$1 in total by way of nominal consideration of the grant.

(vi) *Subscription price for shares*

The exercise price of share options shall be determinable by the Directors at its absolute discretion, but in any event will not be less than the highest of: (i) the closing price of the shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a business day; (ii) the average of the closing prices of the shares as shown in the daily quotations sheets of the Stock Exchange for the 5 business days immediately preceding the offer date; and (iii) the nominal value of the share on the offer date.

19. SHARE OPTION SCHEMES (continued)

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

Movements of share options granted under 2011 Share Option Scheme during the Reporting Period are as follows:

	Six months ended 30 June 2021		Year ended 31 December 2020	
	Weighted average exercise price per share HK\$	Number of options '000	Weighted average exercise price per share HK\$	Number of options '000
At beginning of the period/year	1.43	76,325	1.43	77,747
Granted during the period/year	0.084	159,000	–	–
Exercised during the period/year	0.084	(102,000)	–	–
Cancelled during the period/year	0.084	(39,000)	–	–
Forfeited during the period/year	0.81	(250)	1.35	(1,422)
At end of the period/year	1.17	94,075	1.43	76,325

The exercise prices and exercise periods of the share options granted under 2011 Share Option Scheme outstanding as at the end of the reporting period and the year ended 31 December 2020 are as follows:

30 June 2021 Number of options '000	Exercise price HK\$ per share	Exercise period
8,790	1.92	14-10-2012 to 13-10-2021
7,058	2.94	21-06-2013 to 20-06-2022
22,140	1.83	26-09-2015 to 25-09-2024
28,387	0.81	18-01-2017 to 27-12-2025
9,700	0.81	20-01-2017 to 27-12-2025
18,000	0.084	22-01-2021 to 21-1-2031
94,075		

19. SHARE OPTION SCHEMES (continued)

31 December 2020 Number of options '000	Exercise price HK\$ per share	Exercise period
8,790	1.92	14-10-2012 to 13-10-2021
7,058	2.94	21-06-2013 to 20-06-2022
22,140	1.83	26-09-2015 to 25-09-2024
28,637	0.81	18-01-2017 to 27-12-2025
9,700	0.81	20-01-2017 to 27-12-2025
76,325		

At the end of the reporting period, the Company had approximately 94,075,000 share options (31 December 2020: 76,325,000) outstanding under the 2011 Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of approximately 94,075,000 (31 December 2020: 76,325,000) additional ordinary shares of the Company which would give rise to the total proceeds of approximately HK\$110,506,000 (31 December 2020: approximately HK\$109,196,000).

On 22 January 2021, share options to subscribe for 159,000,000 new ordinary shares of HK\$0.01 each of the Company were granted by the Company to certain Directors, employees and consultants of the Group, subject to acceptance of the grantees, under the 2011 Share Option Scheme. Each of the share options shall entitle the holder of the share option to subscribe for one new ordinary share of the Company at an exercise price of HK\$0.084 per share during the exercisable period from 22 January 2021 to 21 January 2031. Details of the share options granted by the Company are set out in the Company's announcement dated 22 January 2021.

On 23 February 2021, the Company and certain consultants have mutually agreed to settle the relevant fees under the consultancy agreements by way of cash in place of 39,000,000 share options granted by the Company to the consultants. Pursuant to the terms of the 2011 Share Option Scheme, the consultants have made written request to the Company for the cancellation of relevant share options, accordingly, the Company has given a written notice to the consultants, under which relevant share options were cancelled with effect from 24 February 2021. Details of the cancellation of the share options are set out in the Company's announcement dated 23 February 2021.

Up to the date of approval of these condensed consolidated interim financial statements, the Company had approximately 94,075,000 share options outstanding under the 2011 Share Option Scheme, which represented approximately 4.14% of the Company's shares in issue as at that date.

20. ACQUISITION OF SUBSIDIARIES

	Six months ended 30 June 2021 RMB'000 (unaudited)	Six months ended 30 June 2020 RMB'000 (unaudited)
Net cash outflow on acquisition of:		
– Global Compliance Consulting Limited (note a (i))	(1,429)	–
– Ayasa Globo Financial Service (BVI) Limited (note b (i))	–	(24,575)
	(1,429)	(24,575)

(a) Acquisition of subsidiary during the six months ended 30 June 2021

Acquisition of Global Compliance Consulting Limited (“GCC”)

On 23 December 2020, the Group, as purchaser, and an independent third party, as vendor, entered into a sale and purchase agreement, pursuant to which the vendor has agreed to sell and the purchaser has agreed to acquire 60% issued share capital of GCC for a consideration of HK\$4,500,000 (equivalent to RMB3,742,000).

GCC is principally engaged in provision of consultancy services. Completion of the acquisition of GCC took place on 4 January 2021. Following completion, GCC became a subsidiary of the Company.

The acquisition of GCC has been accounted for using the purchase method.

Assets and liabilities recognised at the date of acquisition:

	RMB'000 (unaudited)
Assets	
Property, plant and equipment	472
Trade receivables	271
Amount due to non-controlling interest	313
Cash and bank balances	442
Liabilities	
Other payables and accruals	(15)
Lease liabilities	(471)
Bank borrowings	(606)
Income tax payable	(406)
Total identifiable net assets acquired	–

20. ACQUISITION OF SUBSIDIARIES (continued)

- (a) Acquisition of subsidiary during the six months ended 30 June 2021 (continued)

Acquisition of Global Compliance Consulting Limited ("GCC") (continued)

The trade receivables acquired with a fair value of RMB271,000 at the date of acquisition had gross contractual amount of RMB271,000. No contractual cash flows from the receivables are expected not to be collected.

Goodwill arising on acquisition

	RMB'000 (unaudited)
Consideration transferred	
– Cash paid	1,871
– Promissory notes issued	1,871
	3,742
Recognised amount of identifiable net assets acquired	–
Goodwill on acquisition	3,742

Net cash outflow in respect of the acquisition of GCC is as follows:

	RMB'000 (unaudited)
Consideration paid in cash	(1,871)
Cash and bank balances acquired	442
Net cash outflow	(1,429)

- (b) Acquisition of subsidiaries during the six months ended 30 June 2020

Acquisition of Ayasa Globo Financial Service (BVI) Limited ("Ayasa Globo BVI")

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

Ayasa Global BVI is principally engaged in investment holding. The subsidiaries of Ayasa Global BVI are principally engaged in the provision of professional services such as fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, trust and fiduciary services. The acquisition of Ayasa Globo BVI was completed on 29 April 2020. Following completion, Ayasa Globo BVI became a subsidiary of the Company. The acquisition of Ayasa Globo BVI is to allow the Company to achieve a synergy effect with the fund setup and administration business.

20. ACQUISITION OF SUBSIDIARIES (continued)**(b) Acquisition of subsidiaries during the six months ended 30 June 2020 (continued)***Acquisition of Ayasa Globo Financial Service (BVI) Limited ("Ayasa Globo BVI") (continued)*

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

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

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

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

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

20. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of subsidiaries during the six months ended 30 June 2020 (continued)

Acquisition of Ayasa Globo Financial Service (BVI) Limited ("Ayasa Globo BVI") (continued)

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

Net cash outflow in respect of the acquisition of Ayasa Globo BVI and its subsidiaries is as follows:

	RMB'000 (unaudited)
Consideration paid in cash	(38,290)
Cash and bank balances acquired	13,715
Net cash outflow	(24,575)

21. DISPOSAL OF SUBSIDIARIES

	Six months ended 30 June 2021 RMB'000 (unaudited)	Six months ended 30 June 2020 RMB'000 (unaudited)
Net cash inflow/(outflow) on disposal of:		
– 上海柒色蝌蚪母婴用品有限公司 (note (a)(i))	1,707	–
– Gain Large Limited (note (a)(ii))	(916)	–
– Ample Chance Limited (note (b))	–	–
	791	–

21. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries during the period ended 30 June 2021

(i) Disposal of 上海柒色蝌蚪母婴用品有限公司

On 7 February 2021, the Company entered into an agreement with an independent third party to dispose of 100% equity interest in a subsidiary, 上海柒色蝌蚪母婴用品有限公司, for an aggregate cash consideration of RMB2,000,000. 上海柒色蝌蚪母婴用品有限公司 and its subsidiary are principally engaged in sales of personal care products. The disposal was completed on 3 March 2021.

An analysis of assets and liabilities over which control was lost:

	RMB'000 (unaudited)
Assets	
Property, plant and equipment	11
Inventories	105
Prepayments, deposits and other receivables	1,045
Cash and bank balances	293
Liabilities	
Trade payables	(1,056)
Other payables and accruals	(123)
Net assets disposed of	275

Gain on disposal of subsidiaries

	RMB'000 (unaudited)
Cash consideration	2,000
Net assets disposed of	(275)
Gain on disposal of subsidiaries (note 5)	1,725

Net cash inflow from the disposal of subsidiaries as follows:

	RMB'000 (unaudited)
Cash consideration received	2,000
Cash and bank balances disposed of	(293)
Net cash inflow	1,707

21. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries during the period ended 30 June 2021 (continued)

(ii) Disposal of Gain Large Limited

On 21 April 2021, the Company disposed of its 100% equity interest in a subsidiary, Gain Large Limited, for cash consideration of US\$1 to an independent third party. Gain Large Limited and its subsidiary are inactive. The disposal was completed on 21 April 2021.

An analysis of assets and liabilities over which control was lost:

	RMB'000 (unaudited)
Assets	
Cash and bank balances	916
Liabilities	
Amounts due to group companies	(974)
Net liabilities disposed of	(58)

Gain on disposal of subsidiaries

	RMB'000 (unaudited)
Cash consideration	–
Net liabilities disposed of	58
Gain on disposal of subsidiaries (note 5)	58

Net cash outflow from the disposal of subsidiaries as follows:

	RMB'000 (unaudited)
Cash consideration received	–
Cash and bank balances disposed of	(916)
Net cash outflow	(916)

21. DISPOSAL OF SUBSIDIARIES (continued)**(b) Disposal of subsidiary during the six months ended 30 June 2020***Disposal of Ample Chance*

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

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

Loss on disposal of a subsidiary

	RMB'000 (unaudited)
Cash consideration	–
Net assets disposed of	–
Exchange fluctuation reserve released upon disposal	(65)
Loss on disposal of a subsidiary (note 6)	(65)

22. CAPITAL COMMITMENTS

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Contracted, but not provided for:		
Purchase of items of property, plant and equipment	4,796	1,323

23. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2021 and 31 December 2020.

24. RELATED PARTY TRANSACTIONS

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

	Notes	Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Associates:			
Sales of products	(a)	77,251	51,160
Purchases of products	(a)	5,926	13,277
Miscellaneous income	(a)	810	–
License fee	(b)	–	7,000
Substantial shareholder:			
Consultancy fee	(c)	50	–
Non-controlling interests:			
Consultancy fee	(d)	491	–
Asset management fee	(e)	657	–
Service fee	(e)	124	–
Service income	(e)	1,356	–

Notes:

- (a) Sale to, purchase from and miscellaneous income from an associate, Fujian Herun, were made on mutually agreed terms.
- (b) License fee paid to an associate, Fujian Frog Prince Brand Management Co., Ltd., was made on mutually agreed terms.
- (c) Consultancy fee paid to a substantial shareholder was made on mutually agreed terms.
- (d) Consultancy fee paid to non-controlling interests was made on mutually agreed terms.
- (e) Asset management fee and service fee paid to and service income received from non-controlling interest were made on mutually agreed terms.

24. RELATED PARTY TRANSACTIONS (continued)

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

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Short term employee benefits	142	124
Post-employment benefits	3	6
Total compensation paid to key management personnel	145	130

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2021 RMB'000	31 December 2020 RMB'000		
Financial assets at FVTOCI				
Equity securities listed in Hong Kong	5,780	6,796	Level 1	Quoted bid prices in an active market
Unlisted investment fund	19,821	20,453	Level 2	Quoted bid prices of listed securities held by the fund
Unlisted equity investment	1,727	–	Level 2	Latest transaction price
Financial assets at FVTPL				
Equity securities listed in Hong Kong	6,625	–	Level 1	Quoted bid prices in an active market
Listed bonds	3,359	3,491	Level 1	Quoted bid prices in an active market
Equity-linked notes	13,445	–	Level 3	Monte Carlo simulation Key unobservable inputs: Volatility, drift rate and discount rate
Other unlisted products	–	33,625	Level 2	Latest transaction price

25. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

The fair value of all the equity securities listed in Hong Kong at 30 June 2021 is measured based on the quoted bid price as at 30 June 2021, being the last trading date of the securities for the period ended 30 June 2021.

The fair value of unlisted investment fund at 30 June 2021 is measured based on the valuation performed by fund managers by reference to quoted bid prices of the listed securities held by the fund.

The fair value of listed bonds of 30 June 2021 is measured based on the quoted bid price as at 30 June 2021, being the last trading date of the bonds for the year ended 30 June 2021.

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

The fair value of unlisted equity investment and other unlisted products are measured based on the latest transaction price.

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

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

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

25. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**(c) Reconciliation of Level 3 fair value measurements**

Movements during the six months ended 30 June 2021 of the financial assets using Level 3 fair value measurements are as follows:

	Equity-linked notes
	RMB'000
Fair value at 1 January 2021	–
Purchases	45,914
Settlement	(33,151)
Fair value gain recognised in profit or loss (note ii)	718
Exchange realignment (note iii)	(36)
Fair value at 30 June 2021	13,445

Notes:

- (i) During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.
- (ii) Net fair value gain recognised in profit or loss amounting to RMB718,000 relates to equity-linked notes held at the end of the current reporting period. Fair value gain on equity-linked notes is included in "revenue".
- (iii) The exchange realignment amounted to RMB36,000 for the six months ended 30 June 2021 relating to equity-linked notes is included in exchange fluctuation reserve presented in the condensed consolidated statement of changes in equity.

26. 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 were issued by the Company, giving rise to net proceed of approximately HK\$24.25 million. Details of the share placing are set out in the Company's announcements dated 11 June 2021 and 5 July 2021.

27. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the board of Directors on 27 August 2021.

SUPPLEMENTARY INFORMATION TO THE INTERIM REPORT

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group. Details of movements of the Company's share options, granted under the Share Option Scheme, during the six months ended 30 June 2021 are as follows:

Name or category of participants	Date of grant (Note 1)	Exercise price per share (HK\$)	Number of options					Outstanding as at 30 June 2021	Exercise period (Note 2)
			Outstanding as at 1 January 2021	Granted during the period	Exercised during the period	Cancelled during the period	Forfeited/lapsed during the period		
Non-executive Director									
Mr. Li Zhouxin (re-designated from executive director on 30 June 2017)	21 June 2012	2.94	90,000	-	-	-	-	90,000	E
			90,000	-	-	-	-	90,000	F
			180,000	-	-	-	-	180,000	
	26 September 2014	1.83	120,000	-	-	-	-	120,000	G
			90,000	-	-	-	-	90,000	H
			90,000	-	-	-	-	90,000	I
			300,000	-	-	-	-	300,000	
	18 January 2016	0.81	400,000	-	-	-	-	400,000	J
			300,000	-	-	-	-	300,000	K
			300,000	-	-	-	-	300,000	L
			1,000,000	-	-	-	-	1,000,000	
Sub-total			1,480,000	-	-	-	-	1,480,000	
Executive Directors									
Mr. Tsai Wallen (resigned on 30 June 2021)	22 January 2021	0.084	-	18,000,000	(18,000,000)	-	-	-	P
Mr. Lau Ka Ho	22 January 2021	0.084	-	18,000,000	(18,000,000)	-	-	-	P
Mr. Chan Hoi Tik	22 January 2021	0.084	-	18,000,000	-	-	-	18,000,000	P
Mr. Fok King Man Ronald	22 January 2021	0.084	-	18,000,000	(18,000,000)	-	-	-	P
Sub-total			-	72,000,000	(54,000,000)	-	-	18,000,000	

SHARE OPTION SCHEME (continued)

Name or category of participants	Date of grant (Note 1)	Exercise price per share (HK\$)	Number of options					Outstanding as at 30 June 2021	Exercise period (Note 2)
			Outstanding as at 1 January 2021	Granted during the period	Exercised during the period	Cancelled during the period	Forfeited/lapsed during the period		
Former Directors	14 October 2011	1.92	1,720,000	-	-	-	-	1,720,000	A
			1,890,000	-	-	-	-	1,890,000	B
			1,890,000	-	-	-	-	1,890,000	C
			5,500,000	-	-	-	-	5,500,000	
	21 June 2012	2.94	1,544,000	-	-	-	-	1,544,000	D
			1,158,000	-	-	-	-	1,158,000	E
			1,158,000	-	-	-	-	1,158,000	F
			3,860,000	-	-	-	-	3,860,000	
	26 September 2014	1.83	3,040,000	-	-	-	-	3,040,000	G
			2,280,000	-	-	-	-	2,280,000	H
			2,280,000	-	-	-	-	2,280,000	I
			7,600,000	-	-	-	-	7,600,000	
	18 January 2016	0.81	4,440,000	-	-	-	-	4,440,000	J
			3,330,000	-	-	-	-	3,330,000	K
			3,330,000	-	-	-	-	3,330,000	L
		11,100,000	-	-	-	-	11,100,000		
Sub-total			28,060,000	-	-	-	-	28,060,000	
Total for directors			29,540,000	72,000,000	(54,000,000)	-	-	47,540,000	

SHARE OPTION SCHEME (continued)

Name or category of participants	Date of grant (Note 1)	Exercise price per share (HK\$)	Number of options					Outstanding as at 30 June 2021	Exercise period (Note 2)
			Outstanding as at 1 January 2021	Granted during the period	Exercised during the period	Cancelled during the period	Forfeited/lapsed during the period		
Employees of the Group in aggregate	14 October 2011	1.92	352,400	-	-	-	-	352,400	A
			1,453,800	-	-	-	-	1,453,800	B
			1,483,800	-	-	-	-	1,483,800	C
			3,290,000	-	-	-	-	3,290,000	
	21 June 2012	2.94	741,600	-	-	-	-	741,600	D
			1,138,200	-	-	-	-	1,138,200	E
			1,138,200	-	-	-	-	1,138,200	F
			3,018,000	-	-	-	-	3,018,000	
	26 September 2014	1.83	5,696,000	-	-	-	-	5,696,000	G
			4,272,000	-	-	-	-	4,272,000	H
			4,272,000	-	-	-	-	4,272,000	I
			14,240,000	-	-	-	-	14,240,000	
18 January 2016	0.81	6,614,600	-	-	-	(100,000)	6,514,600	J	
		4,960,950	-	-	-	(75,000)	4,885,950	K	
		4,960,950	-	-	-	(75,000)	4,885,950	L	
		16,536,500	-	-	-	(250,000)	16,286,500		
22 January 2021	0.084	-	48,000,000	(48,000,000)	-	-	-	P	
Total for employees			37,084,500	48,000,000	(48,000,000)	-	(250,000)	36,834,500	
Distributors of the Group in aggregate	20 January 2016	0.81	3,880,000	-	-	-	-	3,880,000	M
			2,910,000	-	-	-	-	2,910,000	N
			2,910,000	-	-	-	-	2,910,000	O
Total for distributors			9,700,000	-	-	-	-	9,700,000	
Consultants of the Group in aggregate	22 January 2021	0.084	-	39,000,000	-	(39,000,000)	-	-	P
TOTAL			76,324,500	159,000,000	(102,000,000)	(39,000,000)	(250,000)	94,074,500	

SHARE OPTION SCHEME (continued)

Notes:

1. The closing prices of the Company's shares immediately before the dates of grant on 14 October 2011, 21 June 2012, 26 September 2014, 18 January 2016, 20 January 2016 and 22 January 2021 were HK\$1.98, HK\$2.94, HK\$1.86, HK\$0.64, HK\$0.67 and HK\$0.083, respectively.
2. The respective exercise periods of the share options granted are as follows:
 - A: From 14 October 2012 to 13 October 2021
 - B: From 14 October 2013 to 13 October 2021
 - C: From 14 October 2014 to 13 October 2021
 - D: From 21 June 2013 to 20 June 2022
 - E: From 21 June 2014 to 20 June 2022
 - F: From 21 June 2015 to 20 June 2022
 - G: From 26 September 2015 to 25 September 2024
 - H: From 26 September 2016 to 25 September 2024
 - I: From 26 September 2017 to 25 September 2024
 - J: From 18 January 2017 to 27 December 2025
 - K: From 18 January 2018 to 27 December 2025
 - L: From 18 January 2019 to 27 December 2025
 - M: From 20 January 2017 to 27 December 2025
 - N: From 20 January 2018 to 27 December 2025
 - O: From 20 January 2019 to 27 December 2025
 - P: From 22 January 2021 to 21 January 2031

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

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

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

As at 30 June 2021, the interests of the Directors in the shares and underlying shares of the Company, which were required, pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code", Appendix 10 to the Listing Rules), to be notified to the Company and the Stock Exchange, were as follows:

A. Long positions in the ordinary shares of the Company

Name of Directors	Nature of interests	Number of ordinary shares interested	Percentage ⁺ of the Company issued share capital
Mr. Tsai Wallen (resigned on 30 June 2021)	Beneficial owner	18,000,000	0.94%
Mr. Lau Ka Ho	Beneficial owner	18,000,000	0.94%
Mr. Fok King Man Ronald	Beneficial owner	18,000,000	0.94%

* The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 30 June 2021.

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

Name of Directors	Nature of interests	Number of underlying shares interested	Percentage ⁺ of underlying shares over the Company's issued share capital
Mr. Li Zhouxin	Beneficial owner	1,480,000	0.08%
Mr. Chan Hoi Tik	Beneficial owner	18,000,000	0.94%

* The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 June 2021.

Save as disclosed above and in the above section headed "Share Option Scheme", as at 30 June 2021, none of the Directors or chief executive of the Company had registered an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the ordinary shares of the Company

Name of substantial Shareholders	Nature of interests	Number of ordinary shares interested	Percentage ⁺ of the Company's issued share capital
Golden Sparkle Limited	Beneficial owner (Note)	263,308,500	13.77%
Mr. Lai Wai Lam Ricky	Interest of controlled corporation (Note)	263,308,500	13.77%
Ms. Cheng Wan Gi	Beneficial owner	162,988,000	8.52%
Mr. Da Zhibiao	Beneficial owner	140,382,500	7.34%

Note:

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

* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2021.

Save as disclosed above and in the above section headed "Share Option Scheme", as at 30 June 2021, no person had registered an interest or short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All the Directors have confirmed, following specific enquiry made by the Company, that they have complied with the required standard as set out in the Model Code during the Reporting Period.

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

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' dealings in the Company's securities. Each Director has been given a copy of the Model Code. Specific enquiry has been made of all the Company's Directors and they have confirmed their compliance with the Model Code throughout the period ended 30 June 2021.

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

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

CORPORATE GOVERNANCE

The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (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. Hence the Company 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.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Details of events subsequent to the reporting period are set out in note 26 to the condensed consolidated interim financial statements.

UPDATE ON DIRECTORS' INFORMATION

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

- Mr. Tsai resigned as an executive Director, chairman of the board of Director, chairman of executive committee and member of investment and credit committee on 30 June 2021.
- Mr. Lau was re-designated from a member to the chairman of the executive committee on 30 June 2021.

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, 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.