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**PROSPEROUS FUTURE HOLDINGS LIMITED**

**未來發展控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1259)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER  
2022:**

Revenue from the continuing operations decreased by about 15.5% from approximately HK\$602.7 million of the same period in 2021 to approximately HK\$509.4 million.

Gross profit from the continuing operations decreased by about 18.8% over the same period in 2021 to approximately HK\$104.3 million.

Gross profit margin from the continuing operations decreased by around 0.8% over the same period in 2021 to approximately 20.5%.

Loss attributable to equity holders of the Company for the year amounted to approximately HK\$88.9 million, as compared to loss attributable to equity holders of the Company amounted to approximately HK\$104.9 million over the same period in 2021.

Basic loss per share attributable to equity holders of the Company amounted to approximately HK\$3.9 cents, as compared to basic loss per share attributable to equity holders of the Company amounted to approximately HK\$5.1 cents over the same period in 2021.

The board (the “**Board**”) of directors (the “**Directors**”) of Prosperous Future Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2021, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>			
Revenue	5	<b>509,359</b>	602,689
Cost of sales		<u><b>(405,045)</b></u>	<u>(474,176)</u>
Gross profit		<b>104,314</b>	128,513
Other income and gains	6	<b>5,089</b>	7,276
Loss on change in fair value of investment properties		<b>(7,069)</b>	(7,800)
Selling and distribution expenses		<b>(38,681)</b>	(36,918)
Administrative expenses		<b>(92,516)</b>	(83,558)
Other expenses	7	<b>(35,550)</b>	(4,651)
Finance costs	8	<u><b>(2,243)</b></u>	<u>(3,729)</u>
Loss before tax	9	<b>(66,656)</b>	(867)
Income tax expense	10	<u><b>(2,407)</b></u>	<u>(1,968)</u>
Loss for the year from continuing operations		<u><b>(69,063)</b></u>	<u>(2,835)</u>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	11	<u><b>(31,735)</b></u>	<u>(97,049)</u>
Loss for the year		<u><b>(100,798)</b></u>	<u>(99,884)</u>
Loss for the year attributable to equity holders of the Company		<b>(88,857)</b>	(104,891)
(Loss)/profit for the year attributable to non-controlling interests		<u><b>(11,941)</b></u>	<u>5,007</u>
Loss for the year		<u><b>(100,798)</b></u>	<u>(99,884)</u>

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000 (Restated)
Loss for the year		<u>(100,798)</u>	<u>(99,884)</u>
Other comprehensive (expense)/income			
Item that will not be reclassified to profit or loss in subsequent periods:			
Loss on change in fair value of financial assets at fair value through other comprehensive income		<u>(27,940)</u>	<u>(2,319)</u>
		<u>(27,940)</u>	<u>(2,319)</u>
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of operations outside Hong Kong		<u>1,425</u>	411
Exchange reserve realised on disposal of foreign operations		<u>5,404</u>	–
		<u>6,829</u>	411
Total other comprehensive expense for the year		<u>(21,111)</u>	<u>(1,908)</u>
Total comprehensive expense for the year		<u><b>(121,909)</b></u>	<u><b>(101,792)</b></u>
Total comprehensive expense for the year attributable to equity holders of the Company		<u>(109,968)</u>	(106,799)
Total comprehensive (expense)/income for the year attributable to non-controlling interests		<u>(11,941)</u>	5,007
Total comprehensive expense for the year		<u><b>(121,909)</b></u>	<u><b>(101,792)</b></u>
		<b>2022</b> <b>HK\$ cents</b>	2021 HK\$ cents (Restated)
Loss per share from continuing and discontinued operations			
Basic	<i>13</i>	<u><b>(3.9)</b></u>	<u>(5.1)</u>
Diluted		<u><b>N/A</b></u>	<u>N/A</u>
Loss per share from continuing operations			
Basic		<u>(2.5)</u>	<u>(0.4)</u>
Diluted		<u><b>N/A</b></u>	<u><b>N/A</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2022*

	<i>Notes</i>	<b>As at 31 December 2022 HK\$'000</b>	As at 31 December 2021 HK\$'000 (Restated)	As at 1 January 2021 HK\$'000 (Restated)
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment		4,055	132,805	121,953
Right-of-use assets		14,742	29,263	29,116
Investment properties		52,250	77,200	85,000
Properties for development		69,000	94,800	98,500
Goodwill		40,781	45,281	40,781
Interest in associates		–	–	7,126
Financial assets at fair value through other comprehensive income		17,478	61,848	32,363
Deferred tax assets		2,461	1,622	1,810
Finance lease receivables	16	–	5,676	13,303
Factoring receivables		–	214	89
Loan and interest receivables	14	424	4,842	4,659
Prepayments, deposits and other receivables		2,425	1,677	1,677
		<b>203,616</b>	455,228	436,377
<b>CURRENT ASSETS</b>				
Inventories		40,094	103,874	57,317
Finance lease receivables	16	–	4,762	28,309
Factoring receivables		–	2,697	3,716
Loan and interest receivables	14	2,078	22,814	35,709
Trade and bills receivables	15	136,848	236,536	336,897
Prepayments, deposits and other receivables		55,378	109,181	142,089
Contract assets		3,797	4,302	1,932
Amount due from a joint venture		–	–	2,802
Other financial assets		–	21,243	44,081
Income tax recoverable		255	1,188	896
Pledged bank deposits		3,000	27,217	45,217
Cash held on behalf of clients		161,270	102,230	132,879
Cash and bank balances		307,094	445,293	426,604
		<b>709,814</b>	1,081,337	1,258,448

	<i>Notes</i>	<b>As at 31 December 2022 HK\$'000</b>	As at 31 December 2021 HK\$'000 (Restated)	As at 1 January 2021 HK\$'000 (Restated)
<b>CURRENT LIABILITIES</b>				
Trade and bills payables	17	171,408	439,413	423,759
Other payables and accruals		45,192	94,086	51,505
Bank and other borrowings		13,230	162,098	187,764
Promissory notes payable		–	2,250	–
Amounts due to associates		–	–	122,519
Amounts due to non-controlling interests		3,918	903	1,734
Lease liabilities		10,859	10,795	7,832
Income tax payable		3,718	5,595	9,672
		<u>248,325</u>	<u>715,140</u>	<u>804,785</u>
<b>NET CURRENT ASSETS</b>		<u><b>461,489</b></u>	<u>366,197</u>	<u>453,663</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>665,105</u>	<u>821,425</u>	<u>890,040</u>
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities		(5,867)	(15,305)	(17,085)
Deferred tax liabilities		(88)	(18,241)	(17,535)
		<u>(5,955)</u>	<u>(33,546)</u>	<u>(34,620)</u>
<b>NET ASSETS</b>		<u><b>659,150</b></u>	<u>787,879</u>	<u>855,420</u>
<b>EQUITY</b>				
Share capital		22,741	22,741	18,101
Reserves		602,493	712,461	785,903
Equity attributable to equity holders of the Company		<u>625,234</u>	<u>735,202</u>	<u>804,004</u>
Non-controlling interests		<u>33,916</u>	<u>52,677</u>	<u>51,416</u>
<b>TOTAL EQUITY</b>		<u><b>659,150</b></u>	<u>787,879</u>	<u>855,420</u>

## NOTES:

### 1. GENERAL INFORMATION

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

The Company’s registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal place of business in Hong Kong is located at 17/F., Fung House, Nos. 19-20 Connaught Road Central, Central, Hong Kong.

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

During the year, the Group discontinued its operations in certain subsidiaries, which were engaged in manufacturing and sale of personal care products and provision of financial business (the “**Discontinued Operations**”).

The comparative information in respect of the consolidated statement of profit or loss and other comprehensive income, together with notes thereon for the year ended 31 December 2021 has been restated, where appropriate, in order to conform with the current year’s presentation of the Discontinued Operations separately from continuing operations.

The functional currency of the Company was changed from Renminbi (“**RMB**”) to Hong Kong dollars (“**HK\$**”) upon completion of disposal of subsidiaries engaged in manufacturing and sale of personal care products (the “**Disposal**”). Subsequent to the Disposal, the Company mainly holds subsidiaries whose underlying operations are primarily in Hong Kong with HK\$ being the functional currency. The directors of the Company have determined that HK\$ better reflects the economic substance of the Company and its business activity as an investment holding company primarily holding subsidiaries with primary economic environment in Hong Kong. Accordingly, the functional currency of the Company was changed prospectively from the date of Disposal.

Having considered that the Company’s shares are listed on the Stock Exchange and its stock is traded in HK\$, the Company believes that the change of presentation currency enables the shareholders and potential investors of the Company to have a more accurate picture of the Group’s financial performance. As such, the Company believes that it is more appropriate to adopt HK\$ as its presentation currency for the consolidated financial statements of the Group. Comparative figures have been restated to reflect the change in the Group’s presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

## 2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

### Amendments to IFRS, that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standard Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### New and amendments to IFRSs in issue but not yet effective

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

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

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

### **3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of compliance**

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (“**Listing Rules**”). For the purpose of preparation of the consolidated financial statement, information is considered material if such information is reasonably expected to influence decisions made by primary users.

#### **Change of presentation currency**

With effect from 1 September 2022, the Group changed presentation currency from RMB to HK\$. The HK\$ has been adopted as presentation currency as it represents the predominant functional currency within the Group considering the size and scale of the Group’s continuing operations.

Change in presentation currency has been accounted for retrospectively in accordance with IAS 8 “Accounting policies, change in accounting estimates and errors”. Net profit, comprehensive income, total assets and total equity are unaffected by these presentational changes apart from the translation from RMB to HK\$ as further detailed below.

Following the change in presentation currency, the financial information as previously reported has been re-translated in accordance with the provisions in IAS 21 using the procedures outlined below, as if HK\$ had always been the Group’s presentational currency:

- Assets and liabilities of foreign operations where the functional currency is not HK\$ have been translated into HK\$ at the relevant closing rates of exchange. Profit and loss items were translated into HK\$ at the relevant average rates of exchange. Differences arising from the retranslation of the opening net assets and the results for the year are recognised in the exchange fluctuation reserve; and
- Share capital, share premium and other reserves were translated at historical rates prevailing at the dates of transactions.

In addition to the comparative information in respect of the previous period provided in these consolidated financial statements, the Group presents an additional consolidated statement of financial position as at 1 January 2021 due to the change of presentation currency in accordance with IAS 1 “Presentation of Financial Statements”.

#### 4. OPERATING SEGMENT INFORMATION

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

##### **Continuing operations**

- (a) Food and beverage – sale of frozen food and beverage products
- (b) Financial business – provision of professional services, such as fund setup and administration, consultancy and co-ordination, corporate and accounting services, data analysis, provision of services regarding dealing in securities and futures contracts, advising on securities and asset management services, securities investments and money lending
- (c) Properties holding
- (d) Others – provision of temperature-controlled storage and ancillary services which provide storage services for frozen food and beverage products

##### **Discontinued operations**

- (a) Personal care products – manufacturing and sale of skin care, body and hair care products which can be classified as anti-epidemic products and general products
- (b) Financial business – provision of professional services, such as consultancy services, finance leasing and factoring

The Group disposed the interest in certain subsidiaries that were considered by the management as separate major line of business of the Group. Accordingly, the entire personal care products segment and part of the financial business segment were discontinued operations. Details about these Discontinued Operations and the disposal are set out in note 11. Previously reported figures in respect of certain segment assets and segment liabilities as at 31 December 2021 and certain segment revenue and segment results for the year ended 31 December 2021 have been restated to conform with the presentation of segmental information adopted in respect of the current year in this regards.

The Group's management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income derived from bank deposits, gain on disposal of subsidiaries, other unallocated income and gains, equity-settled share-based payments, finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

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.

	Food and beverage <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Properties Holding <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue and segment results</b>					
<b>Year ended 31 December 2022</b>					
Revenue from external customers	429,510	69,007	–	10,842	509,359
Inter-segment revenue	–	–	–	–	–
Segment revenue	<u>429,510</u>	<u>69,007</u>	<u>–</u>	<u>10,842</u>	<u>509,359</u>
<b>Segment profit/(loss)</b>	<u>5,960</u>	<u>(8,575)</u>	<u>(35,245)</u>	<u>(6,237)</u>	<u>(44,097)</u>
Interest income from bank deposits					278
Other unallocated income and gains					1,819
Equity-settled share-based payments					–
Corporate and other unallocated expenses					(22,413)
Finance costs					(2,243)
<b>Loss before tax from continuing operations</b>					<u>(66,656)</u>
	Food and beverage <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Properties Holding <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment assets and segment liabilities</b>					
<b>As at 31 December 2022</b>					
Segment assets	<u>129,672</u>	<u>457,486</u>	<u>124,202</u>	<u>13,775</u>	<u>725,135</u>
Goodwill					40,781
Corporate and other unallocated assets					147,514
Assets related to discontinued operations					–
Total assets					<u>913,430</u>
Segment liabilities	<u>31,835</u>	<u>195,674</u>	<u>1,306</u>	<u>11,510</u>	<u>240,325</u>
Corporate and other unallocated liabilities					13,955
Liabilities related to discontinued operations					–
Total liabilities					<u>254,280</u>

	Food and beverage <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Properties Holding <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue and segment results</b>					
<b>Year ended 31 December 2021 (Restated)</b>					
Revenue from external customers	497,351	94,036	–	11,302	602,689
Inter-segment revenue	–	–	–	–	–
Segment revenue	<u>497,351</u>	<u>94,036</u>	<u>–</u>	<u>11,302</u>	<u>602,689</u>
<b>Segment profit/(loss)</b>	<u>10,467</u>	<u>26,278</u>	<u>(12,855)</u>	<u>(2,268)</u>	<u>21,622</u>
Interest income from bank deposits					1,130
Gain on disposal of subsidiaries					302
Other unallocated income and gains					572
Equity-settled share-based payments					(5,232)
Corporate and other unallocated expenses					(15,532)
Finance costs					(3,729)
<b>Loss before tax from continuing operations</b>					<u>(867)</u>
	Food and beverage <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Properties Holding <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment assets and segment liabilities</b>					
<b>As at 31 December 2021 (restated)</b>					
Segment assets	<u>137,993</u>	<u>514,325</u>	<u>175,972</u>	<u>25,164</u>	<u>853,454</u>
Goodwill					45,281
Corporate and other unallocated assets					100,506
Assets related to discontinued operations					537,324
Total assets					<u>1,536,565</u>
Segment liabilities	<u>49,954</u>	<u>163,820</u>	<u>23,500</u>	<u>16,805</u>	<u>254,079</u>
Corporate and other unallocated liabilities					10,010
Liabilities related to discontinued operations					484,597
Total liabilities					<u>748,686</u>

	Food and beverage <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Properties Holding <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Other segment information</b>					
<b>Year ended 31 December 2022</b>					
Depreciation charge*	953	5,034	–	7,039	13,026
Unallocated					1,948
<b>Total depreciation charge from continuing operations</b>					<b>14,974</b>
Capital expenditure**	7	2,375	5,319	25	7,726
Unallocated					–
<b>Total capital expenditure from continuing operations</b>					<b>7,726</b>
<b>Year ended 31 December 2021 (Restated)</b>					
Depreciation charge*	435	3,580	–	7,804	11,819
Unallocated					1,946
<b>Total depreciation charge from continuing operations</b>					<b>13,765</b>
Capital expenditure**	1,092	952	–	47	2,091
Unallocated					42
<b>Total capital expenditure from continuing operations</b>					<b>2,133</b>

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

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

### Geographical information

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Hong Kong	427,919	521,639
Overseas	81,440	81,050
	<b>509,359</b>	<b>602,689</b>

### Information about major customers

No individual customers of continuing operations contributing over 10% of the revenue of the Group for both of years presented.

## 5. REVENUE

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Income from food and beverage business	<b>429,510</b>	497,351
Income from provision of professional services	<b>70,554</b>	78,083
Income from provision of services regarding dealing in securities and futures contracts	<b>2,017</b>	1,514
Income from asset management and advising on securities services	<b>6,999</b>	9,321
Income from provision of temperature-controlled storage and ancillary services	<b>10,842</b>	11,302
Revenue from contracts with customers	<b>519,922</b>	597,571
Interest income from money lending business	<b>1,509</b>	5,135
Interest income from financial assets at fair value through profit or loss	<b>105</b>	1,448
Fair value loss on financial assets at fair value through profit or loss	<b>(20,178)</b>	(1,465)
Margin interest income from securities brokerage business	<b>8,001</b>	–
Revenue from other source	<b>(10,563)</b>	5,118
Total revenue	<b>509,359</b>	602,689

## Disaggregation of revenue from contracts with customers

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

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000 (Restated)
<b>Timing of revenue recognition</b>		
Continuing operations		
At a point in time	<b>461,979</b>	543,399
Over time	<b>57,943</b>	54,172
	<b>519,922</b>	<b>597,571</b>

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

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

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

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

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

## 6. OTHER INCOME AND GAINS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Net foreign exchange gain	–	4,684
Gain on disposal of subsidiaries	–	302
Government subsidies*	<b>1,069</b>	14
Gain on cancellation of promissory note	<b>450</b>	–
Interest income from bank deposits	<b>278</b>	1,130
Reversal of impairment loss on loan and interest receivables ( <i>note 14</i> )	<b>1,717</b>	140
Sundry income	<b>1,575</b>	1,006
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Other income and gains from continuing operations	<b>5,089</b>	7,276
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\* *There are no unfulfilled conditions or contingencies relating to these subsidies.*

## 7. OTHER EXPENSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Impairment loss on properties for development	<b>25,800</b>	3,700
Impairment loss on properties, plant and equipment	<b>6,191</b>	–
Impairment loss on trade receivables	<b>3,558</b>	269
Loan and interest receivables written off ( <i>note 14</i> )	–	679
Others	<b>1</b>	3
	<hr/>	<hr/>
Other expenses from continuing operations	<b>35,550</b>	4,651
	<hr/> <hr/>	<hr/> <hr/>

## 8. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Interest on bank borrowings	208	165
Interest on other borrowings	696	1,952
Finance costs on lease liabilities	<u>1,339</u>	<u>1,612</u>
Finance costs from continuing operations	<u><u>2,243</u></u>	<u><u>3,729</u></u>

## 9. LOSS BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Cost of inventories sold	380,153	446,167
Depreciation of property, plant and equipment	3,935	4,219
Depreciation of right-of-use assets	11,039	9,546
Storage expenses	21,209	19,228
Short-term lease expenses	634	877
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	47,049	45,093
Retirement benefit scheme contributions	<u>1,371</u>	<u>915</u>
Total staff costs	<u>48,420</u>	<u>46,008</u>
Auditors' remuneration		
– audit services	1,375	1,058
– non-audit services	430	429
Net foreign exchange losses/(gain)	<u><u>5,668</u></u>	<u><u>(4,684)</u></u>

## 10. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Current tax expense		
Hong Kong Profits Tax	<u>3,484</u>	<u>1,648</u>
	3,484	1,648
Deferred tax (credit)/charge	<u>(1,077)</u>	<u>320</u>
	2,407	1,968
Income tax expense from continuing operations	<u><u>2,407</u></u>	<u><u>1,968</u></u>

## 11. DISCONTINUED OPERATIONS

The Group disposed its interest in subsidiaries, including Frog Prince (Fujian) Baby & Child Care Products Co. Limited (青蛙王子(福建)婴童護理用品有限公司) (“**Frog Prince**”), Global Compliance Consulting Limited (“**GCC**”) and Brisk Day Limited (“**Brisk Day**”), on 31 August 2022, 30 September 2022 and 31 December 2022 respectively. Frog Prince and its subsidiary were principally engaged in the manufacturing and sales of personal care products. GCC was principally engaged in the provision of consultancy services. Brisk Day and its subsidiaries was principally engaged in the finance leasing and factoring businesses. After their respective completion date of disposal, the operations of Frog Prince, GCC and Brisk Day are accounted for discontinued operations.

The loss for the year from the discontinued operations is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the discontinued operations.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Loss of discontinued operation for the year	27,816	97,049
Loss on disposal of discontinued operations	<u>3,919</u>	<u>–</u>
	<u><u>31,735</u></u>	<u><u>97,049</u></u>

The results of the discontinued operations for the period from 1 January 2022 to respective date of discontinuation of the operations, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Revenue		
– Revenue from sale of goods	<b>391,961</b>	601,409
– Income from provision of professional services	<b>1,463</b>	3,082
– Interest income from finance lease business	<b>1,487</b>	9,958
	<hr/>	<hr/>
Total revenue	<b>394,911</b>	614,449
Cost of sales	<b>(313,480)</b>	(494,441)
	<hr/>	<hr/>
Gross profit	<b>81,431</b>	120,008
Other income and gains	<b>18,170</b>	18,820
Selling and distribution expenses	<b>(55,979)</b>	(84,706)
Administrative expenses	<b>(80,490)</b>	(125,507)
Impairment loss of goodwill	<b>(675)</b>	–
Other expenses	<b>(5,750)</b>	(17,365)
Finance costs	<b>(1,912)</b>	(2,291)
Share of loss of associates	<b>–</b>	(1,554)
	<hr/>	<hr/>
Loss before tax	<b>(45,205)</b>	(92,595)
Income tax credit/(expense)	<b>17,389</b>	(4,454)
	<hr/>	<hr/>
Loss of discontinued operations for the year	<b>(27,816)</b>	(97,049)
	<hr/> <hr/>	<hr/> <hr/>
	<b>2022</b> <i>HK\$ cents</i>	2021 <i>HK\$ cents</i> (Restated)
Loss per share from discontinued operations		
Basic	<b>(1.4)</b>	(4.7)
Diluted	<b>N/A</b>	N/A
	<hr/> <hr/>	<hr/> <hr/>

## 12. DIVIDENDS

The directors of the Company do not recommend any payment of a dividend in respect of the year ended 31 December 2022 (2021: Nil).

## 13. LOSS PER SHARE

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

	Continuing and discontinued operations		Continuing operations	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)		(Restated)
<b>Loss</b>				
Loss for the purpose of basic loss per share				
Loss for the year attributable to equity holders of the Company	<b><u>(88,857)</u></b>	<u>(104,891)</u>	<b><u>(57,423)</u></b>	<u>(7,408)</u>
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>'000</b>	'000	<b>'000</b>	'000
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic loss per share	<b><u>2,274,123</u></b>	<u>2,049,526</u>	<b><u>2,274,123</u></b>	<u>2,049,526</u>

The computation of diluted loss per share does not assume the exercise of the Company's share options granted because the exercise prices of those share options were higher than the average market prices for shares of the Company for both of the years ended 31 December 2022 and 2021.

Diluted loss per share for the year ended 31 December 2022 and 2021 are not presented as there were no other potential shares in issue for both years.

#### 14. LOAN AND INTEREST RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Loan and interest receivables		
– Repayable within one year	8,087	30,562
– Repayable in the second to fifth years	358	4,602
– Repayable over the fifth years	88	240
	<u>8,533</u>	<u>35,404</u>
Less: impairment loss recognised	<u>(6,031)</u>	<u>(7,748)</u>
	<u><u>2,502</u></u>	<u><u>27,656</u></u>
Analysed for reporting as:		
Non-current assets	424	4,842
Current assets	<u>2,078</u>	<u>22,814</u>
	<u><u>2,502</u></u>	<u><u>27,656</u></u>
Movements during the year are as follows:		
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
At 1 January	27,656	40,366
Loans made by the Group	–	8,000
Interest on loan receivables ( <i>note 5</i> )	1,509	5,135
Loans and interest repaid by borrowers	(28,380)	(25,306)
Loan and interest written off ( <i>note 7</i> )	–	(679)
Reversal of impairment loss recognised ( <i>note 6</i> )	<u>1,717</u>	<u>140</u>
At 31 December	<u><u>2,502</u></u>	<u><u>27,656</u></u>

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

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i> (Restated)
At 1 January	7,748	7,888
Reversal of impairment loss recognised ( <i>note 6</i> )	<u>(1,717)</u>	<u>(140)</u>
At 31 December	<u><b>6,031</b></u>	<u>7,748</u>

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

**31 December 2022**

Loan principal amount <i>HK\$'000</i>	Number of borrowers	Interest rate per annum	Maturity date	Security pledged
7,775	8	12.0% to 58.0%	Within one year to five years after 31 December 2022	Nil
<hr/> <hr/>				

31 December 2021

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

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

## 15. TRADE AND BILLS RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Trade receivables arising from provision of dealing in securities and futures contracts services		
– Clearing house, brokers and cash clients ( <i>note a</i> )	<b>10,670</b>	64,544
– Margin clients ( <i>note b</i> )	<b>46,101</b>	–
Trade and bills receivables arising from other business ( <i>note c</i> )	<b>83,854</b>	213,288
	<b>140,625</b>	277,832
Less: allowance for trade and bills receivables from other business	<b>(3,777)</b>	(41,296)
	<b>136,848</b>	236,536

### Notes:

- (a) The trade receivables from dealing in securities and futures contracts services represent receivables from clearing house, brokers and cash clients. The settlement terms of these trade receivables are one to two days after trade date. The trade receivables are not past due as at 31 December 2022 based on settlement terms and are not impaired since they are settled subsequent to 31 December 2022. No aging analysis of the trade receivables from clearing house, brokers and cash clients are disclosed as management of the Group is of the view that the aging analysis does not give additional value in view of the nature of this business.
- (b) The trade receivables from margin clients are repayable on demand and carry interest at interest rate ranged from 8.0% to 18.0% per annum. For credit facilities granted by the Group to margin clients, the margin clients are required to pledge their securities collateral to the Group, and the credit facilities granted is determined by the discounted market value of pledged securities in accordance with the Group's margin lending policies at a specified loan-to-collateral ratio.

At the end of the reporting period, the market value of securities pledged as collateral in respect of the trade receivables from margin clients amounted to approximately HK\$375,409,000 (31 December 2021: Nil).

No aging analysis of the trade receivables from margin clients are disclosed as management of the Group is of the view that the aging analysis does not give additional value in view of the nature of this business.

- (c) Trade and bills receivables arising from other business include trade and bills receivables arising from food and beverage, provision of professional services and provision of temperature-controlled storage and ancillary services (2021: personal care products, food and beverage, provision of professional services and provision of temperature-controlled storage and ancillary services).

The Group's trading terms with its customers of other business are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days to 180 days (2021: 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.

There is no bills received held by the Group as at 31 December 2022. As at 31 December 2021, total bills received amounted to HK\$10,675,000 are held by the Group for future settlement, of which no bills were further discounted by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills received by the Group are with a maturity period of less than one year.

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Within 30 days	<b>54,858</b>	65,342
31 to 60 days	<b>20,262</b>	26,096
61 to 90 days	<b>3,755</b>	17,889
91 to 180 days	<b>602</b>	23,371
181 to 365 days	<b>600</b>	38,829
Over 365 days	—	465
	<b>80,077</b>	171,992

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Neither past due nor impaired	<b>53,048</b>	110,839
Past due but not impaired		
– 1 to 30 days	<b>20,932</b>	33,929
– 31 to 90 days	<b>4,299</b>	7,737
– Over 90 days	<b>1,798</b>	19,487
	<hr/>	<hr/>
Total	<b>80,077</b>	171,992
	<hr/> <hr/>	<hr/> <hr/>

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

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

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
At 1 January	<b>41,296</b>	32,924
Impairment loss recognised	<b>3,558</b>	8,372
Impact on disposal of subsidiaries	<b>(39,241)</b>	–
Exchange realignment	<b>(1,836)</b>	–
	<hr/>	<hr/>
At 31 December	<b>3,777</b>	41,296
	<hr/> <hr/>	<hr/> <hr/>

**16. FINANCE LEASE RECEIVABLES**

	<b>Minimum lease payments 2022 HK\$'000</b>	Minimum lease payments 2021 HK\$'000 (Restated)	<b>Present value of minimum lease payments 2022 HK\$'000</b>	Present value of minimum lease payments 2021 HK\$'000 (Restated)
Finance lease receivables:				
Within one year	–	24,354	–	22,977
In the second year	–	216	–	207
In the third year	–	–	–	–
	–	24,570	–	23,184
Less: unearned finance income	–	(1,386)	–	–
Present value of minimum lease payment receivables	–	23,184	–	23,184
Less: impairment loss recognised	–	(12,746)	–	(12,746)
	<b>–</b>	<b>10,438</b>	<b>–</b>	<b>10,438</b>

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
		(Restated)
Analysed for reporting as:		
Non-current assets	–	5,676
Current assets	–	4,762
	<u>–</u>	<u>4,762</u>
	<u>–</u>	<u>10,438</u>

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

For the prior year ended 31 December 2021, interest rates implicit in the above finance leases ranged from 20.6% to 42.6% per annum, with an average effective interest rate of approximately 41.7%.

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

## 17. TRADE AND BILLS PAYABLES

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
		(Restated)
Trade payables arising from dealing in securities and futures contracts services ( <i>note a</i> )	<b>26,057</b>	109,792
Trade payables arising from provision of escrow services ( <i>note b</i> )	<b>140,961</b>	20,309
Trade and bill payables arising from other business ( <i>note c</i> )	<b>4,390</b>	309,312
	<u><b>171,408</b></u>	<u>439,413</u>

*Notes:*

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

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

- (b) Trade payables arising from provision of escrow services represent funds placed in the Group's bank accounts by its escrow clients (cash deposited with the Group's bank accounts are presented as "cash held on behalf of clients" under current assets in the Group's consolidated statement of financial position). Settlement of these payables is effected when the related funds transferred out of the Group's bank accounts in accordance with the escrow clients' instructions.

No aging analysis of the trade payables to escrow client is disclosed as management of the Group is of the view that the aging analysis does not give additional value in view of the nature of this business.

- (c) Trade and bills payables arising from other business include trade payables arising from food and beverage, provision of professional services and the provision of temperature-controlled storage and ancillary services (2021: personal care products, food and beverage, provision of professional services and provision of temperature-controlled storage and ancillary services).

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

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		(Restated)
Within 30 days	<b>1,289</b>	60,824
31 to 90 days	<b>1,358</b>	105,234
91 to 180 days	<b>911</b>	81,896
Over 180 days	<b>832</b>	61,358
	<b>4,390</b>	309,312

The trade payables are interest-free and are normally settled on terms of 30 days to 180 days (2021: 30 days to 180 days).

There is no bills payables as at 31 December 2022. As at 31 December 2021, bills payables amounted to HK\$80,528,000 included in trade and bills payables were secured by the pledged bank deposits amounted HK\$27,217,000. These bills payables represented bills drawn on the Group's bankers with maturity period ranged from 6 months to 12 months against bills facilities obtained. Upon maturity, the banks would settle the amounts drawn on and a portion of the pledged deposits would be released.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The principal activity of Prosperous Future Holdings Limited (the “**Company**”) is investment holding. The subsidiaries are principally engaged in the provision of food and beverage services, provision of financial business, properties holding, provision of temperature-controlled storage and ancillary services and investment holding.

During the year, the Group disposed certain subsidiaries that were engaged in businesses of manufacturing and sale of personal care products, compliance advisory services as well as finance leasing and factoring, which have been presented as discontinued operations.

## **BUSINESS REVIEW**

### **Continuing Operations**

#### ***Provision of Food and Beverage Services***

During the Reporting Period, the Group’s business segment of provision of food and beverage services business contributed a total revenue of approximately HK\$429.5 million to the Group, representing a decrease of about 13.6% over the last year (31 December 2021: approximately HK\$497.4 million). The decrease in turnover was mainly due to our strategy to refocus on sales of high margin products in response to the increasingly competitive frozen meat consumption market in Hong Kong.

The total gross profit for provision of food and beverage services was approximately HK\$49.4 million for the Reporting Period, representing a decrease of approximately HK\$1.8 million as compared with approximately HK\$51.2 million for the year ended 31 December 2021. The decrease in gross profit is mainly due to increased procurement costs. Such increases in procurement costs were mostly absorbed by the Group since the competition of consumption market of frozen food is still stiff during the year. Gross profit margin increased to approximately 11.5%, representing an increase of approximately 1.2% compared with last year. The increase in gross profit margin is mainly attributable to better sales mix as a result of higher sales proportion in high margin products.

The provision of food and beverage services business recorded a segment profit of approximately HK\$6.0 million during the Reporting Period (31 December 2021: approximately HK\$10.5 million). The decrease in profit is mainly due to lower gross profit as described above, increased storage and logistic costs under the impact of global supply chain disruption as well as impairment loss on trade receivables based on the expected credit loss assessment.

### ***Provision of Financial Business***

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

During the Reporting Period, the Group's business segment of provision of financial business contributed a total revenue of approximately HK\$69.0 million to the Group (31 December 2021: approximately HK\$94.0 million), representing a year-on-year decrease of approximately 26.6%.

The provision of financial business recorded a loss of approximately HK\$8.6 million (31 December 2021: profit of approximately HK\$26.3 million).

### ***– Securities Investment Business***

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

For the Reporting Period, this business recorded net fair value losses on financial assets at fair value through profit or loss of approximately HK\$20.2 million (31 December 2021: net fair value losses of approximately HK\$1.2 million) due to the volatility of global stock markets. Investors were concerned about the uncertainty brought by prolonged geopolitical conflicts between Russia and Ukraine, the soaring inflation figures recorded by the Western countries and the hiking interest rates led by United States Federal Reserve and European Central Bank in 2022. A global economic slowdown if not recession is much anticipated to occur in 2023. Our securities investment was adversely affected due to such investors' pessimistic sentiment.

As at 31 December 2022, the Group had a portfolio of securities investment of approximately HK\$17.5 million, which consisted of equity securities listed in Hong Kong of approximately HK\$2.8 million and unlisted investment funds of approximately HK\$14.7 million.

The securities investment business recorded a loss of approximately HK\$20.3 million (31 December 2021: approximately HK\$3.1 million) due to the volatility of global stock market.

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

Through our principal subsidiaries namely Future Growth Financial Services 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, a company licensed to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, the Group is engaged in provision of securities brokerage, margin financing and advising on securities, and asset management services in Hong Kong. In addition, we provide fund set up and administration, and other relevant professional services through Ayasa Globo Financial Services (BVI) Limited and its subsidiaries.

In the first quarter of 2022, the Group successfully expanded its range of financial business to securities margin financing targeted on both individuals and corporations customers.

For the Reporting Period, the securities brokerage, margin financing, asset management and professional services business recorded a total turnover of approximately HK\$87.7 million (31 December 2021: approximately HK\$90.1 million) due to soft demand for professional consultancy services, which is largely offset by interest income derived from securities margin financing of which commenced in the first quarter of 2022.

The securities brokerage, margin financing, asset management and professional services business recorded a total profit of approximately HK\$19.1 million during the Reporting Period (31 December 2021: approximately HK\$27.5 million).

As at 31 December 2022, the gross value of outstanding trade receivables arising from margin financing is approximately HK\$46.1 million with interest rate of approximately 8.0% – 18.0% per annum and repayment on demand. Those trade receivables were secured by underlying equity securities amounted to approximately HK\$375.4 million as at the year end. 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.

No impairment loss on margin loan receivables was provided during the Reporting Period (31 December 2021: nil).

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 Business*

The Group's money lending business consists of granting of loans to a variety of customers, including both individuals and corporations, and is conducted primarily through its indirectly wholly-owned subsidiary, PFH Finance Limited (“**PFH Finance**”), which is a money lender licenced in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of laws of Hong Kong).

The Group's money lending business recorded a turnover of approximately HK\$1.5 million (31 December 2021: approximately HK\$5.1 million) due to the Group's business strategy to reposition our money lending business and allocate more capital to other areas with promising prospect.

As at 31 December 2022, the Group has a total loan and interest receivables of approximately HK\$2.5 million, which consisted of 8 outstanding unsecured loans with average effective interest rate of approximately 20.9% per annum with terms ranging from 12 months to 120 months (the “**Outstanding Loans**”). All Outstanding Loans were granted to independent third parties of the Company.

No loan and interest receivables were written off during the year ended 31 December 2022.

A reversal of impairment loss on loan and interest receivables of approximately HK\$1.7 million was recognised during the year ended 31 December 2022 mainly due to the overall decrease in loan and interest receivables in the same period as there were more repayments made during the year than interest derived.

The provision of money lending business recorded a loss of approximately HK\$7.4 million (31 December 2021: profit of approximately HK\$1.9 million). The turnaround from profit to loss was primarily due to the additional staff cost incurred which resulted from increase in headcount for reformulating business strategy and new business development for our money lending business.

### ***Properties Holding***

During the Reporting Period, the Group did not record any revenue from the business segment of properties holding business (31 December 2021: nil).

On 27 June 2022, 18 July 2022 and 22 September 2022, Nice Source Properties Limited, an indirect wholly-owned subsidiary of the Company, as the vendor, entered into first sale and purchase agreement (the “**First SPA**”), second sale and purchase agreement (the “**Second SPA**”) and the third sale and purchase agreement (the “**Third SPA**”) respectively, with Eternity Development Limited, as purchaser, to dispose of seven separate lots of an industrial property located Workshop C6 on G/F of Block C, Hong Kong Industrial Centre, Nos. 489-491 Castle Peak Road, Kowloon, Hong Kong, for an aggregated consideration of HK\$23,200,000. The transactions contemplated under the First SPA (the “**First Disposal**”), Second SPA (the “**Second Disposal**”) and Third SPA (the “**Third Disposal**”, together with the First Disposal and Second Disposal, the “**Disposals**”) were completed on 27 July 2022, 19 August 2022, and 22 December 2022 respectively. As the highest applicable percentage ratio in respect of the Disposals on an aggregated basis exceeds 5% but is lower than 25%, the Disposals constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details of the Disposals, please refer to the Company’s announcement dated 22 September 2022.

The properties holding business recorded a segment loss of approximately HK\$35.2 million (31 December 2021: approximately HK\$12.9 million).

An impairment loss on properties for development of approximately HK\$25.8 million was provided during the Reporting Period (31 December 2021: approximately HK\$3.7 million).

The loss on change in fair value of investment properties of approximately HK\$7.1 million was provided during the Reporting Period (31 December 2021: approximately HK\$7.8 million).

## ***Others***

The segment mainly represents the provision of temperature-controlled storage and ancillary services business. During the Reporting Period, the segment contributed a total revenue of approximately HK\$10.8 million to the Group, representing a decrease of about 4.1% over the same period of last year (31 December 2021: approximately HK\$11.3 million). The decline in revenue is due to decrease in the market demand in provision of temperature-controlled storage and ancillary services. Some of our major customers lowered their stockpile of storage goods in response to COVID-19 pandemic as compared with the same period of last year, resulting in a decrease in demand over our provision of temperature-controlled storage and ancillary services. A loss of approximately HK\$6.2 million was posted, representing a year-on-year increase of 175.0% (31 December 2021: approximately HK\$2.3 million). The significant increase in loss is due to an impairment loss on property, plant and equipment amounted at HK\$6.2 million was incurred, which was partially offset by the improvement over gross margin resulted from stringent cost control and enhanced operational efficiency.

## **Discontinued Operations**

### ***Personal Care Products***

The Group's manufacture and sales of personal care products was conducted primarily through the Company's PRC indirectly wholly owned subsidiary, Frog Prince (Fujian) Baby & Child Care Products Co., Limited (青蛙王子(福建)婴童護理用品有限公司)(“**Frog Prince (Fujian) Baby**”). During the year, the Group disposed its entire interest in Frog Prince (Fujian) Baby and ceased to engage in personal care products business upon the disposal. For further details, please refer to the paragraph “Financial Review - Disposal of Subsidiaries” below.

During the Reporting Period, the Group's business segment of personal care products contributed a total revenue of approximately HK\$392.0 million to the Group, representing a decrease of about 34.8% over the same period of last year (31 December 2021: HK\$601.4 million) and recorded a loss of approximately HK\$33.9 million, representing a decrease of about 52.0% over the last year (31 December 2021: HK\$70.5 million). For further details, please refer to the paragraph “Financial Review - Disposal of Subsidiaries” below.

### ***Compliance Advisory Services Business***

During the year, the Group disposed all of its interest in Global Compliance Consulting Limited (“GCC”), an indirect subsidiary of the Company, which was primarily engaged in provision of compliance advisory services. The Group ceased to engage in compliance advisory services business upon the disposal. For the Reporting Period, a revenue of approximately HK\$1.5 million (31 December 2021: HK\$3.1 million) and a loss of approximately HK\$0.8 million (31 December 2021: profit of HK\$1.2 million) were recorded.

### ***Finance Leasing And Factoring Business***

The Group’s finance leasing and factoring business was conducted primarily in the PRC through the Company’s indirectly wholly owned subsidiary, 天一融資租賃(深圳)有限公司 (“天一融資”). During the year, the Group disposed its entire interest in 天一融資 and ceased to engage in finance leasing and factoring business upon the disposal. 天一融資 contributed a total revenue of approximately HK\$1.5 million to the Group, representing a decrease of about 85.1% over the same period of last year (31 December 2021: HK\$10.0 million) and recorded a loss of approximately HK\$12.8 million, representing a decrease of about 46.6% over the last year (31 December 2021: HK\$23.9 million). For further details, please refer to the paragraph “Financial Review - Disposal of Subsidiaries” below.

## **FINANCIAL REVIEW**

### **Change of Functional Currency and Presentation Currency**

Prior to 1 September 2022, Renminbi (“**RMB**”) was regarded as the functional currency of the Company and the consolidated financial statements of the Group were presented in RMB.

On 31 August 2022, the disposal of the Group’s entire interest in Frog Prince (Fujian) Baby was completed. Through Frog Prince (Fujian) Baby, the Group was previously engaged in manufacturing and sale of personal care products business in the PRC. Details of the disposal are set out in section “Disposal of Subsidiary” below. After the disposal, the Board considered that, with our continuing focus on the provision of food and beverage business and the significant capital investments in the business of securities brokerage, margin financing, asset management and professional services in Hong Kong, the primary economic environment in which the Company operates has changed and it is more appropriate to use Hong Kong dollars (“**HK\$**”) as the functional currency with effect from 1 September 2022. The presentation currency of the Group for the year ended 31 December 2022 is also changed to HK\$ into line with the change in functional currency, offering the users of the consolidated financial statements with a more well-defined picture of the Group’s financial performance.

The effects of the change in presentation currency have been accounted for retrospectively with comparative figures restated. The comparative information in the consolidated financial statements has been restated to reflect as if HK\$ has always been the presentation currency of the Group. The change in functional currency of the Company was applied prospectively from the date of change.

### **Revenue**

During the Reporting Period, the revenue of the Group was approximately HK\$509.4 million, representing a decrease of about 15.5% over the last year (for the year ended 31 December 2021: approximately HK\$602.7 million).

### **Gross Profit and Gross Profit Margin**

Gross profit of the Group for the Reporting Period was approximately HK\$104.3 million, representing a decrease of about 18.8% as compared with the gross profit of approximately HK\$128.5 million for the year ended 31 December 2021. The decrease in the gross profit was mainly due to gross loss of provision of financial business recorded.

During the Reporting Period, the gross profit margin decreased by approximately 0.8% over the last year to approximately 20.5% (for the year ended 31 December 2021: approximately 21.3%). The decrease in overall gross profit margin was primarily due to gross loss of provision of financial business recorded.

### **Selling and Distribution Expenses**

Selling and distribution expenses primarily consisted of storage and logistic costs and other expenses. Selling and distribution expenses amounted to approximately HK\$38.7 million for the Reporting Period, representing an increase of about 4.8% as compared with approximately HK\$36.9 million for the year ended 31 December 2021. The increase was mainly due to increase in storage and logistic costs under the impact of global supply chain disruption.

The selling and distribution expenses accounted for approximately 7.6% of the revenue during the Reporting Period (for the year ended 31 December 2021: approximately 6.1%), among which, storage and logistic costs, as a percentage of revenue, increased from approximately 4.1% for the year ended 31 December 2021 to approximately 5.6% for the Reporting Period.

### **Administrative Expenses**

Administrative expenses primarily consisted of salaries and wages for administrative staff, depreciation and other expenses. Administrative expenses of the Group amounted to approximately HK\$92.5 million for the Reporting Period (for the year ended 31 December 2021: approximately HK\$83.6 million), representing an increase of approximately 10.7% over the last year. The increase was mainly due to increases in wages and salaries and depreciation of right-of-use assets (as incurred for operating lease rental of office premises) during the year.

Administrative expenses accounted for approximately 18.2% of the Group's revenue for the Reporting Period (for the year ended 31 December 2021: approximately 13.9%).

## **Impairment loss on property, plant and equipment**

The Group's temperature-controlled storage business is facing a tough challenge amidst the prolonged outbreak of COVID-19 as well as intense market competition and consequently suffered a segmental loss during the year. The downward pressure on revenue and increasing operating costs are still expected to be challenging to the Group in near term. Impairment assessment on the temperature-controlled storage was performed and corresponding recoverable amounts of the relevant property, plant and equipment were estimated as at 31 December 2022. Accordingly, the Group recognised an impairment loss of property, plant and equipment of approximately HK\$6.2 million for the year ended 31 December 2022 (2021: nil).

## **Finance Costs**

The Group had finance costs of approximately HK\$2.2 million for the Reporting Period (for the year ended 31 December 2021: approximately HK\$3.7 million).

## **Disposal of Subsidiaries**

### ***Frog Prince (Fujian) Baby***

On 4 July 2022, Fujian RuiYu Innovation Cosmetic Co., Limited (福建省瑞宇創化妝品有限公司) (“**Fujian RuiYu Innovation**”), an indirect wholly-owned subsidiary of the Company, as vendor, and Snagatr (Fujian) Oral Health Technology Co., Limited (絲耐潔(福建)口腔健康科技有限公司) (“**Snagatr**”), as purchaser, entered into the equity transfer agreement (“**Equity Transfer Agreement**”), pursuant to which Snagatr has conditionally agreed to acquire and Fujian RuiYu Innovation has conditionally agreed to sell the entire issued share capital of Frog Prince (Fujian) Baby, a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company at the total consideration of RMB50.0 million. Frog Prince (Fujian) Baby holds the land and the industrial building located at No. 8 Wuqiao Bei Road, Lantian Economic Development Zone, Longwen District, Zhangzhou City, Fujian Province, the PRC of which Frog Prince (Fujian) Baby has the right to occupy, use, dispose of and benefit. The principal business of Frog Prince (Fujian) Baby is the design, manufacture and sales of children's personal care products mainly for the PRC and the U.S. markets.

Upon completion of the said disposal, the Company ceased to hold any interests in the Frog Prince (Fujian) Baby and Frog Prince (Fujian) Baby ceased to be a subsidiary of the Company. Accordingly, the financial results of the Frog Prince (Fujian) Baby would no longer be consolidated into the consolidated financial statements of the Company.

The said disposal was completed on 31 August 2022 and a loss on disposal of approximately HK\$1.6 million was recognized. As the highest applicable percentage ratio in respect of the disposal exceeds 25% but is lower than 75%, the disposal constituted a major transaction of the Company under Chapter 14 of the Listing Rules. Detailed information can be referred in the announcement of the Company dated 4 July 2022 and the circular of the Company dated 9 August 2022.

### ***Global Compliance Consulting Limited***

During the year, Ayasa Globo Financial Services Limited (“**Ayasa Globo**”), a 60% indirectly owned subsidiary of the Company, entered into a disposal agreement with a certain purchaser and completed to dispose all of its interest in GCC for consideration valued at HK\$1,800,000. GCC, a 60% directly owned subsidiary of Ayasa Globo, was primarily engaged in provision of compliance advisory services. Upon completion of the disposal, the Group ceased to hold any interests in GCC and a loss on disposal of approximately HK\$2.2 million was recognized.

### ***Brisk Day Limited***

During the year, the Company entered into a sale and purchase agreement with an independent third party and completed to dispose its entire interest in Brisk Day Limited (“**Brisk Day**”), a wholly-owned subsidiary of the Company, for a consideration of US\$1. Brisk Day was an investment holding company and indirectly owned 100% interest in 天一融資, which was primarily engaged in finance leasing and factoring business in the PRC. Upon completion of the disposal, the Company ceased to hold any interests in Brisk Day, and a loss on disposal of approximately HK\$0.1 million was recognized.

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

Save as disclosed in the above section headed “Disposal of Subsidiaries”, the Group did not have material acquisitions and disposals of subsidiaries and affiliated companies for the year ended 31 December 2022. As at 31 December 2022, the Group did not hold any significant investments. The Group does not have any future plans in relation to material investments or capital assets.

## **Net Loss and Net Loss Margin**

For the Reporting Period, loss attributable to equity holders of the Company amounted to approximately HK\$88.9 million as compared with loss attributable to equity holders of the Company of approximately HK\$104.9 million for the year ended 31 December 2021. The net loss margin was approximately 17.4% as compared with the net loss margin of approximately 17.4% for the year ended 31 December 2021, with basic loss per share of approximately HK\$3.9 cents (basic loss per share for the year ended 31 December 2021: approximately HK\$5.1 cents).

## **Capital Expenditure**

For the Reporting Period, the Group's material capital expenditure (consists of addition to property, plant and equipment and investment properties) amounted to approximately HK\$19.4 million (for the year ended 31 December 2021: approximately HK\$30.4 million), which was mainly used for renovation of our offices and acquisition of office equipment.

## **Financial Resources and Liquidity**

As at 31 December 2022, cash and bank balances of the Group amounted to approximately HK\$307.1 million (for the year ended 31 December 2021: approximately HK\$445.3 million). The current ratio was 2.9 (for the year ended 31 December 2021: 1.5). Our liquidity remained healthy. The uses of balance of cash and bank balances were mainly as follows: firstly, providing the liquid capital and strengthening the operation of the securities brokerage and margin financing business of the Group; secondly, developing the provision of food and beverage services business; and thirdly, pursuing potential acquisition and investment opportunities.

## **Fundraising Activities of the Group**

On 11 June 2021, the Company entered into a placing agreement with Merdeka Securities Limited (“**Merdeka Securities**”) pursuant to which Merdeka Securities had conditionally agreed, as agent of the Company, to procure on a best effort basis to not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 362,000,000 placing shares at the placing price of HK\$0.068 per placing share. Completion of the said placing took place on 5 July 2021 and 362,000,000 placing shares were placed to not less than six placees at the placing price of HK\$0.068 per placing share.

The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the said placing, amounted to approximately HK\$24.3 million, and the Group intends to use all of the net proceeds to develop its financial business, including but not limited to strengthening the operation of the margin financing the business of the Group. Details of the said placing are set out in the Company's announcements dated 11 June 2021 and 5 July 2021.

The actual or proposed uses of the proceeds from the Placing are in line with the plan disclosed by the Company, and details of the proposed and actual uses of the proceeds are as follows:

Intended use of proceeds	Net proceeds raised from the Placing	Actual use of proceeds	Utilised proceeds	Unutilised proceeds	Utilised	Unutilised
			as at 31 December 2021	as at 31 December 2021	proceeds as at 31 December 2022	proceeds as at 31 December 2022
Development of financial business, including but not limited to strengthen the operation of the margin financing business of the Group	HK\$24.3 million	Develop the operation of margin financing business of the Group	-	HK\$24.3 million	HK\$24.3 million	-

During the Reporting Period, save as disclosed above, the Company had not conducted any other fund-raising activity.

### Performance Guarantee

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 Financial Services (BVI) Limited (“**Ayasa Globo (BVI)**”) for a consideration of HK\$42,000,000. 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 cash consideration of HK\$42,000,000, in the sole event that the accumulated actual audited consolidated profit before tax of Ayasa Globo (BVI) for each of the two financial years ended 31 March 2021 and 31 March 2022 is less than HK\$15,720,000 (the “**Profit Achievement**”). Based on the audited accounts of Ayasa Globo (BVI) for the two financial years ended 31 March 2021 and 31 March 2022, accumulated actual audited consolidated profit before tax was not less than HK\$15,720,000 and the Profit Achievement has been fulfilled. As such the Put Option shall not be exercisable and the vendor is not obliged to purchase 60% of the issued shares of Ayasa Globo (BVI) owned by the Group.

### Loan and Interest Receivables

As at 31 December 2022, the Group’s loan and interest receivables were approximately HK\$2.5 million (31 December 2021: approximately HK\$27.7 million). During the Reporting Period, the Group did not enter into any additional loan arrangements with customers (31 December 2021: approximately HK\$8.0 million, with an average annual interest rate of 11.0%).

A reversal of impairment loss on loan and interest receivables of approximately HK\$1.7 million was made during the Reporting Period (31 December 2021: approximately HK\$0.1 million).

No loan and interest receivables were written off during the Reporting Period (31 December 2021: approximately HK\$0.6 million).

### **Trade and Bills Receivables**

As at 31 December 2022, the Group's trade and bills receivables were approximately HK\$136.8 million (31 December 2021: approximately HK\$236.5 million). The amount included trade receivables arising from margin financing approximately HK\$46.1 million (31 December 2021: nil) with repayment on demand clause and trade receivables arising from dealing in securities and futures contracts services (clearing house, brokers and cash clients) approximately HK\$10.7 million (31 December 2021: approximately HK\$64.5 million) to be settled one to two days after trade date. Besides, the Group usually grants a credit period of 30 to 180 days to the customers for settling trade receivables arising from the remaining businesses amounted at HK\$80.1 million (31 December 2021: HK\$172.0 million).

The impairment loss on trade and bills receivables of approximately HK\$3.6 million was made during the Reporting Period (31 December 2021: approximately HK\$8.4 million).

### **Trade and Bills Payables**

As at 31 December 2022, trade and bills payables were approximately HK\$171.4 million (31 December 2021: approximately HK\$439.4 million), of which included trade payables arising from dealing in securities and futures contracts services approximately HK\$26.1 million (31 December 2021: approximately HK\$109.8 million) to be settled one to two days after trade date and trade payables arising from provision of escrow services approximately HK\$141.0 million (31 December 2021: approximately HK\$20.3 million) of which payments shall be made upon client's request. Besides, the Group normally settled the remaining payables arising from other businesses amounted at approximately HK\$4.4 million (31 December 2021: approximately HK\$309.3 million) on terms of 30 to 180 days and kept good payment records.

### **Inventories**

As at 31 December 2022, inventories of the Group were approximately HK\$40.1 million (31 December 2021: approximately HK\$103.9 million). As at 31 December 2022, the inventory balance decreased by approximately 61.4% over 31 December 2021.

## **Gearing Ratio**

As at 31 December 2022, the current assets and total assets of the Group were approximately HK\$709.8 million and HK\$913.4 million respectively, the current liabilities and total liabilities of the Group were approximately HK\$248.3 million and HK\$254.3 million respectively. The gearing ratio (total liabilities/total assets) of the Group was approximately 27.8% (31 December 2021: approximately 48.7%).

## **Bank and Other Borrowings**

As at 31 December 2022,

- (i) the Group had bank borrowings of approximately HK\$13.2 million (31 December 2021: approximately HK\$89.1 million). Facilities were provided to the Group from banks in Hong Kong in the form of secured bank borrowings amounting to approximately HK\$93.0 million secured by a guarantee from the Company. (31 December 2021: Facilities were provided to the Group from banks in Hong Kong in the form of secured bank borrowings amounting to approximately HK\$93.0 million and HK\$0.7 million secured by a guarantee from the Company and a non-controlling interest respectively.) No facility was provided to the Group from banks in the PRC. (31 December 2021: Facilities were provided to the Group from banks in the PRC in the form of secured bank borrowings amounting to approximately HK\$61.3 million); and
- (ii) the Group did not have any other secured borrowings (31 December 2021: approximately HK\$73.0 million).

## **Pledge of Assets**

As at 31 December 2022,

- (i) the Group pledged deposits of approximately HK\$3.0 million (31 December 2021: approximately HK\$27.2 million) for short-term bank borrowings and bills payable;
- (ii) no investment property (31 December 2021: approximately HK\$77.2 million) was pledged for other borrowings; and
- (iii) no any share of a subsidiary was pledged for other borrowings (31 December 2021: shares of a subsidiary were pledged for other borrowings).

## **Capital Structure**

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

## **Risk of Foreign Exchange**

The Group's business operations were denominated mainly in HK\$, RMB and US dollars ("USD") during the Reporting Period.

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

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

## **Contingent Liabilities**

As at 31 December 2022 and 31 December 2021, 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 slow recovery following the prolonged outbreak of the COVID-19 pandemic, the on-going geopolitical conflicts between Russia and Ukraine as well as surging inflation in the Western countries, the Group will continue to adopt a prudent approach for the development of its businesses.

Looking ahead to 2023, the food and beverage services business will continue to face opportunities and risks. As Hong Kong has been reopening to travelers around the world with further relaxation on border control measures, the local economy is expected to recover gradually in 2023. The demand of our food and beverage services will be affected by ease of the Hong Kong government's restriction, leading to on one hand a possible favorable boost over the business uses for restaurants with expectations for the return of travelers and the other hand a potential shrinking demand on frozen foods for household consumption with the removal of limits on dine-services at eateries. Besides, it is expected that our procurement costs shall remain high in view of the global inflation hike and on-going global supply chain disruption. Under the high uncertainty of the overall environment in the short term, the Group will keep cautious on the development of the food and beverage services business. We will put more effort towards expanding the range of our products to high margin products and seeking different sourcing territories to control the procurement costs. The Group also intends to pursue higher return from its food and beverage services segment by providing more value-added services and increasing brand awareness. In the long term, the Directors are optimistic of the prospect of the food and beverage service industry in Hong Kong, taking advantage of its robust customer network, which mainly comprises of reputable chains of restaurants and stores, supermarkets and wholesalers in Hong Kong. The Group will continue to seek further potential business opportunities of the provision of food and beverage services, including but not limited to: (a) either acquire or establish a food processing factory to slice and process wholesale frozen meat to reinforce the value-added services, (b) develop its own brand of products to broaden its product range and diversify its customer base and increase brand awareness, and (c) form cooperation with reliable logistic specialists if possible in order to lower the inventory and transportation costs.

Global investor sentiment may continue to be subdued by geopolitical conflict, interest rate hike and stagflation risk in 2023. Meanwhile, local demand may be further revived and household consumption is expected to recover following significant relaxation of containment measures in Mainland China. The stock market of Hong Kong will stay turbulent inevitably under these uncertain factors and the Group will maintain cautious on managing the Group's portfolio of securities investment.

As part of its current strategic plans, the Group has been exploring opportunities to further invest into financial business as the prospect of Hong Kong's financial services industry remains promising in light of Hong Kong's unique advantage of having close links with Mainland China and Hong Kong's role as the global hub for offshore RMB business. The expansion of new financial business or reformulating strategy of the existing businesses will better fuel the Group to enhance its overall financial performance in the future. Looking ahead the post-pandemic economic outlook, Mainland China and Hong Kong markets are expected to recover gradually. Further monetary and fiscal measures supporting the local economy in Mainland China will probably stabilize the financial markets and stimulate investments. The Group also maintains great confidence in the bright future of its securities brokerage, asset management and professional services business.

The Group currently holds lands and landed properties located in Yuen Long, Hong Kong and certain industrial properties located at Cheung Sha Wan, Hong Kong. The Group remains optimistic about the long-term growth of Hong Kong real estate market due to the shortage in supply of land. 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 industrial properties located at Cheung Sha Wan had been subdivided into twenty-two separate lots for sale. During the year, the Group has successfully sold seven separate lots. The Group is in the progress of seeking tenants for the remaining lots.

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

## EMPLOYEES AND REMUNERATION

As at 31 December 2022, the Group employed 84 employees (as at 31 December 2021: 1,039 employees).

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

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

Constituent companies of the Group established in the PRC are also subject to social insurance contribution plans required by the PRC government. In accordance with the relevant national and local labour and social welfare laws and regulations in the PRC, constituent companies of the Group established in the PRC are required to pay on behalf of their employees a monthly social insurance premium at the applicable rates based on the amounts stipulated by the PRC local government authorities (“**PRC Retirement Schemes**”), covering pension insurance, medical insurance, unemployment insurance and other relevant insurance. Upon retirement, the local government labour and social 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 2021 for the purpose of providing incentive or reward to staff members and other eligible participants who make contributions to the success of the Group. The Directors believe that the compensation packages offered by the Group to its staff members are competitive in comparison with market standards and practices.

## **FINAL DIVIDEND**

The Board has resolved not to declare any final dividend in respect of the year ended 31 December 2022 (year ended 31 December 2021: Nil).

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”), comprising the Company’s three independent non-executive Directors, has reviewed the Group’s audited financial result for the year ended 31 December 2022, and discussed with the management and the auditors of the Company, CCTH CPA Limited, on the accounting principles and practices, financial reporting process, internal control adopted by the Group, with no disagreement by the Audit Committee.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the Reporting Period.

## **PUBLIC FLOAT**

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

## **CORPORATE GOVERNANCE**

The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (“**CG Code**”) as contained in Appendix 14 of the Listing Rules during the year ended 31 December 2022 apart from the code provisions F.2.2 and C.2.1 as disclosed below.

Under code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting. During the year ended 31 December 2022, the Company did not appoint any individual to be the chairman of the Board as the Board was still in the process of identifying a suitable candidate. Mr. Lau Ka Ho (“**Mr. Lau**”), the executive Director and chief executive officer of the Company, has chaired the annual general meeting held on 24 June 2022 (“**2022 AGM**”) and addressed questions raised by the Shareholders at the 2022 AGM. The chairman of the audit, remuneration and nomination committee of the Board, and representatives of the Company’s auditor also attended the 2022 AGM and were available to address questions from the Shareholders.

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

Under code provision C.2.1 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. As aforesaid, the Company did not appoint any individual to be the chairman of the Board during the year ended 31 December 2022. Hence the Company deviated from the requirements under code provision C.2.1. The Board will nominate suitable candidate to act as chairman of the Board as soon as practicable and will make necessary announcement as and when appropriate.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") 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 year ended 31 December 2022.

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.

## **EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

Subsequent to the end of reporting period, trade receivables from two major margin clients have been recovered by HK\$32,169,000 under the force liquidation of these margin client collaterals implemented by the Company after the revaluation on credit risk of these clients. After the liquidation of these collaterals, on 9 January 2023, the remaining unsecured margin loan balance to these clients would be approximately HK\$10,039,000. The Company is still in the course of negotiating with these margin clients in collecting such margin loan balance. Since the above-mentioned default event occurred after the year end, no provision adjustment should be made in the consolidated financial statements for the year ended 31 December 2022.

## **SCOPE OF WORK OF CCTH CPA LIMITED**

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditors, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH CPA Limited on this announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT**

This annual results announcement is published on the websites of the Company ([www.pfh.hk](http://www.pfh.hk)) and the Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The Company's Annual Report for the year ended 31 December 2022, containing all the information required by the Listing Rules, will be dispatched to the Shareholders and available on the above websites in due course.

By order of the Board

**Prosperous Future Holdings Limited**

**Lau Ka Ho**

*Chief Executive Officer and Executive Director*

Hong Kong, 24 March 2023

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