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 2023

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2023:

Revenue from the continuing operations increased by about 3.8% from approximately HK$498.5 million of the same period in 2022 to approximately HK$517.4 million.

Gross profit from the continuing operations increased by about 16.9% over the same period in 2022 to approximately HK$118.2 million.

Gross profit margin from the continuing operations increased by around 2.5% over the same period in 2022 to approximately 22.8%.

Loss attributable to equity holders of the Company for the year amounted to approximately HK$38.7 million, as compared to loss attributable to equity holders of the Company amounted to approximately HK$88.9 million over the same period in 2022.

Basic loss per share attributable to equity holders of the Company amounted to approximately HK$1.7 cents, as compared to basic loss per share attributable to equity holders of the Company amounted to approximately HK$3.9 cents over the same period in 2022.

The board (the "**Board**") of directors (the "**Directors**") of Prosperous Future Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000 (re-presented)
Continuing operations			
Revenue	*5*	**517,429**	498,517
Cost of sales		**(399,278)**	(397,455)
Gross profit		**118,151**	101,062
Other income and gains	*6*	**11,982**	4,803
Loss on change in fair value of investment properties		**(1,550)**	(7,069)
Selling and distribution expenses		**(37,811)**	(38,292)
Administrative expenses		**(106,491)**	(89,372)
Other expenses	*7*	**(14,436)**	(29,317)
Finance costs	*8*	**(828)**	(1,435)
Loss before tax	*9*	**(30,983)**	(59,620)
Income tax expense	*10*	**(4,067)**	(2,407)
Loss for the year from continuing operations		**(35,050)**	(62,027)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	*11*	**573**	(38,771)
Loss for the year		**(34,477)**	(100,798)
Loss for the year attributable to equity holders of the Company		**(38,748)**	(88,857)
Profit/(loss) for the year attributable to non-controlling interests		**4,271**	(11,941)
Loss for the year		**(34,477)**	(100,798)

	Notes	2023 *HK$'000*	2022 *HK$'000* (re-presented)
Other comprehensive income/(expense)			
Item that will not be reclassified to profit or loss in subsequent periods:			
Gain/(loss) on change in fair value of financial assets at fair value through other comprehensive income		**13,404**	(27,940)
		13,404	(27,940)
Other comprehensive income:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of operations outside Hong Kong		**–**	1,425
Exchange reserve realised on disposal of foreign operations		**–**	5,404
		–	6,829
Total other comprehensive income/(expense) for the year		**13,404**	(21,111)
Total comprehensive expense for the year		**(21,073)**	(121,909)
Total comprehensive expense for the year attributable to equity holders of the Company		**(25,344)**	(109,968)
Total comprehensive income/(expense) for the year attributable to non-controlling interests		**4,271**	(11,941)
Total comprehensive expense for the year		**(21,073)**	(121,909)

	Notes	2023 *HK$ cents*	2022 *HK$ cents* (re-presented)
Loss per share from continuing and discontinued operations	*13*		
Basic		**(1.7)**	(3.9)
Diluted		**N/A**	N/A
Loss per share from continuing operations	*13*		
Basic		**(1.5)**	(2.3)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,944**	4,055
Right-of-use assets		**13,061**	14,742
Investment properties		**50,700**	52,250
Properties for development		**62,000**	69,000
Goodwill		**40,781**	40,781
Financial assets at fair value through other comprehensive income		**30,882**	17,478
Deferred tax assets		**2,488**	2,461
Loan and interest receivables	*14*	**–**	424
Prepayments, deposits and other receivables		**33,723**	2,425
		236,579	203,616
CURRENT ASSETS			
Inventories		**42,704**	40,094
Loan and interest receivables	*14*	**–**	2,078
Trade receivables	*15*	**81,666**	136,848
Prepayments, deposits and other receivables		**42,165**	55,378
Contract assets		**751**	3,797
Income tax recoverable		**–**	255
Pledged bank deposits		**–**	3,000
Cash held on behalf of clients		**48,617**	161,270
Cash and bank balances		**358,310**	307,094
		574,213	709,814

	Notes	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
CURRENT LIABILITIES			
Trade payables	*16*	**123,327**	171,408
Other payables and accruals		**30,489**	45,192
Bank borrowings		**6,862**	13,230
Amounts due to non-controlling interests		**1,083**	3,918
Lease liabilities		**7,698**	10,859
Income tax payable		**1,272**	3,718
		170,731	248,325
NET CURRENT ASSETS		**403,482**	461,489
TOTAL ASSETS LESS CURRENT LIABILITIES		**640,061**	665,105
NON-CURRENT LIABILITIES			
Lease liabilities		**(6,334)**	(5,867)
Deferred tax liabilities		**(44)**	(88)
		(6,378)	(5,955)
NET ASSETS		**633,683**	659,150
EQUITY			
Share capital		**22,741**	22,741
Reserves		**576,826**	602,493
Equity attributable to equity holders of the Company		**599,567**	625,234
Non-controlling interests		**34,116**	33,916
TOTAL EQUITY		**633,683**	659,150

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 and investment holding.

During the year ended 31 December 2023, the Group discontinued its operation in temperature-controlled storage and ancillary services (the "**Discontinued Operations**"). Details are set out in note 11.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Accounting Standards")

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards 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 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the amendments to IFRS Accounting Standards 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.

Impact on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

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

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap. 57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has assessed a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2023, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

Management performed an assessment and concluded that the change in accounting policy had no material impact on the Group and the catch-up profit or loss adjustment was immaterial.

New and amendments to IFRS Accounting Standards in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 16	Lease Liabilities in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]
Amendments to IAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2024.

3 Effective for annual periods beginning on or after 1 January 2025.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards 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.

Going concern assessment

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are within the scope of IFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, based on the degree to which the inputs to the fair value measurements are observable and the significance of the input to the fair value measurement in its entirety, which are described as follows:

– Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

– Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

– Level 3 inputs are unobservable inputs for the asset or liability.

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, money lending and provision of credit card services to individuals or corporation.

(c) Properties holding

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

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

The Group disposed the interest in certain subsidiaries that were considered by the management as separate major line of business of the Group. Accordingly, entire temperature – controlled storage and ancillary services segment, the entire personal care products segment and part of the financial business segment were accounted for as discontinued operations. Details about these Discontinued Operations is set out in Notes 11.

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 gain, 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 and cash and bank balances as these assets are managed on a group basis. Segment liabilities exclude unallocated other payables and accruals, lease liabilities, bank borrowings, income tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

	Food and beverage	Financial business	Properties Holding	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue and segment results				
Year ended 31 December 2023				
Revenue from external customers	431,409	85,244	776	517,429
Inter-segment revenue	–	–	–	–
Segment revenue	431,409	85,244	776	517,429
Segment profit/(loss)	8,138	(22,979)	(9,487)	(24,328)
Interest income from bank deposits				7,546
Other unallocated income and gains				2,369
Corporate and other unallocated expenses				(15,742)
Finance costs				(828)
Loss before tax from continuing operations				(30,983)

	Food and beverage	Financial business	Properties Holding	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets and segment liabilities				
As at 31 December 2023				
Segment assets	**131,296**	**410,675**	**116,163**	**658,134**
Goodwill				**40,781**
Corporate and other unallocated assets				**111,877**
Total assets				**810,792**
Segment liabilities	**25,077**	**145,721**	**1,536**	**172,334**
Corporate and other unallocated liabilities				**4,775**
Total liabilities				**177,109**

	Food and beverage	Financial business	Properties Holding	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(re-presented)
Segment revenue and segment results				
Year ended 31 December 2022				
Revenue from external customers	429,510	69,007	–	498,517
Inter-segment revenue	–	–	–	–
Segment revenue	429,510	69,007	–	498,517
Segment profit/(loss)	5,960	(8,575)	(35,245)	(37,860)
Interest income from bank deposits				278
Other unallocated income and gains				1,819
Corporate and other unallocated expenses				(22,422)
Finance costs				(1,435)
Loss before tax from continuing operations				(59,620)

	Food and beverage *HK$'000*	Financial business *HK$'000*	Properties Holding *HK$'000*	Total *HK$'000* (re-presented)
Segment assets and segment liabilities				
As at 31 December 2022				
Segment assets	129,672	457,486	124,202	711,360
Goodwill				40,781
Corporate and other unallocated assets				147,514
Assets related to discontinued operations				13,775
Total assets				913,430
Segment liabilities	31,835	195,674	1,306	228,815
Corporate and other unallocated liabilities				13,955
Liabilities related to discontinued operations				11,510
Total liabilities				254,280

	Food and beverage	Financial business	Properties Holding	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information				
Year ended 31 December 2023				
Depreciation charge*	**385**	**1,198**	**–**	**1,583**
Unallocated				**329**
Total depreciation charge from continuing operations				**1,912**
Capital expenditure**	**–**	**906**	**–**	**906**
Unallocated				**–**
Total capital expenditure from continuing operations				**906**
Year ended 31 December 2022 (re-presented)				
Depreciation charge*	953	5,034	–	5,987
Unallocated				1,948
Total depreciation charge from continuing operations				7,935
Capital expenditure**	7	2,375	5,319	7,701
Unallocated				–
Total capital expenditure from continuing operations				7,701

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

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

Geographical information

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

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
Hong Kong	**465,331**	417,077
Overseas	**52,098**	81,440
	517,429	498,517

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:

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
Income from food and beverage business	**431,409**	429,510
Income from provision of professional services	**70,777**	70,554
Income from provision of services regarding dealing in securities and futures contracts	**4,373**	2,017
Income from asset management and advising on securities services	**7,815**	6,999
Income from credit card handling charges	**1,778**	–
Revenue from contracts with customers	**516,152**	509,080
Interest income from money lending business	**178**	1,509
Interest income from financial assets at fair value through profit or loss	**–**	105
Fair value loss on financial assets at fair value through profit or loss	**–**	(20,178)
Margin interest income from securities brokerage business	**323**	8,001
Rental income from lease of investment properties	**776**	–
Revenue from other source	**1,277**	(10,563)
Total revenue	**517,429**	498,517

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:

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
Timing of revenue recognition		
Continuing operations		
At a point in time	**459,888**	461,979
Over time	**56,264**	47,101
	516,152	509,080

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.

The Group receives handling charges from credit card transactions. Revenue is recognised at a point in time when the Group has satisfied its performance obligation in providing the promised services to the customer (i.e. completion of the transactions), and are recognised based on contractual rates agreed with customers.

6. OTHER INCOME AND GAINS

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
Net foreign exchange gain	**1,554**	–
Government subsidies*	**–**	783
Gain on cancellation of promissory note	**–**	450
Interest income from bank deposits	**7,546**	278
Reversal of impairment loss on loan and interest receivables *(note 14)*	**1,536**	1,717
Reversal of bad debt written off	**276**	–
Reversal of impairment loss on trade receivables arising from other business *(note 15)*	**982**	–
Sundry income	**88**	1,575
Other income and gains from continuing operations	**11,982**	4,803

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

7. OTHER EXPENSES

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
Impairment loss on properties for development	**7,000**	25,800
Impairment loss on trade receivables arising from margin clients	**7,152**	–
Impairment loss on trade receivables arising from other business	**–**	3,516
Others	**284**	1
Other expenses from continuing operations	**14,436**	29,317

8. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
Interest on bank borrowings	**165**	208
Interest on other borrowings	**–**	696
Finance costs on lease liabilities	**663**	531
Finance costs from continuing operations	**828**	1,435

9. LOSS BEFORE TAX

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

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
Cost of inventories sold	**378,269**	380,153
Depreciation of property, plant and equipment	**1,912**	2,029
Depreciation of right-of-use assets	**7,273**	5,907
Storage expenses	**22,006**	21,209
Short-term lease expenses	**1,767**	634
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	**55,600**	46,082
Retirement benefit scheme contributions	**1,618**	1,339
Total staff costs	**57,218**	47,421
Auditors' remuneration		
– audit services	**1,933**	1,375
– non-audit services	**318**	430
Net foreign exchange (gain)/losses	**(1,554)**	5,668

10. INCOME TAX EXPENSE

	2023	2022
	HK$'000	*HK$'000*
Current tax expense		
Hong Kong Profits Tax	**4,138**	3,484
	4,138	3,484
Deferred tax credit	**(71)**	(1,077)
Income tax expense from continuing operations	**4,067**	2,407

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

For the year ended 31 December 2023 and 2022, Hong Kong profits tax is calculated in accordance with the two-tiered Hong Kong profits tax rates regime.

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

The income tax expense from continuing operations can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
Loss before tax	**(30,983)**	(59,620)
Tax at the applicable tax rates	**(5,112)**	(5,001)
Income not subject to tax	**(1,555)**	(943)
Expenses not deductible for tax	**5,425**	6,064
Tax losses not recognised	**4,193**	1,949
Others	**1,116**	338
Income tax expense	**4,067**	2,407

11. Discontinued operations

The Group disposed its interest in subsidiaries, including (青蛙王子(福建)嬰童護理用品有限公司) ("**Frog Prince**"), Global Compliance Consulting Limited ("**GCC**"), Brisk Day Limited ("**Brisk Day**") and China Cold Chain Co. Limited ("**China Cold Chain**"), on 31 August 2022, 30 September 2022, 31 December 2022 and 30 April 2023 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 were principally engaged in the finance leasing and factoring businesses. China Cold Chain was principally engaged in the provision of temperature-controlled storage services and ancillary services which provide storage services for frozen food and beverage products. After their respective completion date of disposal, the operations of Frog Prince, GCC, Brisk Day and China Cold Chain are accounted for discontinued operations.

The (profit)/loss for the year ended 31 December 2023 and 2022 from the discontinued operations is set out below.

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
Loss of discontinued operation for the year	**488**	34,852
(Gain)/loss on disposal of discontinued operations	**(1,061)**	3,919
	(573)	38,771

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

	2023	2022
	HK$'000	*HK$'000*
		(re-presented)
Revenue		
– Revenue from sale of goods	**–**	391,961
– Income from provision of professional services	**–**	1,463
– Interest income from finance lease business	**–**	1,487
– Income from provision of temperature controlled storage and ancillary services	**1,875**	10,842
Total revenue	**1,875**	405,753
Cost of sales	**(1,409)**	(321,070)
Gross profit	**466**	84,683
Other income and gains	**–**	18,456
Selling and distribution expenses	**–**	(56,368)
Administrative expenses	**(771)**	(83,634)
Impairment loss of goodwill	**–**	(675)
Other expenses	**(36)**	(11,983)
Finance costs	**(147)**	(2,720)
Loss before tax	**(488)**	(52,241)
Income tax credit	**–**	17,389
Loss for the year	**(488)**	(34,852)

	2023	2022
	HK$ cents	*HK$ cents*
		(re-presented)
Loss per share from discontinued operations		
Basic	**(0.2)**	(1.6)
Diluted	**N/A**	N/A

During the year ended 31 December 2023, the discontinued operations contributed approximately HK$834,000 to the Group's net operating cash outflows (2022: HK$120,641,000), paid approximately HK$129,000 (2022: HK$38,002,000) in respect of investing activities (including net cash outflow from disposal of subsidiaries) and paid approximately HK$1,591,000 (2022: HK$9,801,000) in respect of financing activities.

12. DIVIDENDS

The directors of the Company do not recommend any payment of a dividend in respect of the year ended 31 December 2023 (2022: 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**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(re-presented)		(re-presented)
Loss				
Loss for the purpose of basic loss per share				
Loss for the year attributable to equity holders of the Company	**(38,748)**	(88,857)	**(34,619)**	(52,496)
	2023	2022	**2023**	2022
	'000	*'000*	***'000***	*'000*
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,274,123**	2,274,123	**2,274,123**	2,274,123

The computation of diluted loss per share does not assume the exercise of the Company's share options granted because the exercise prices of those share options were higher than the average market prices for shares of the Company for both of the years ended 31 December 2023 and 31 December 2022.

14. LOAN AND INTEREST RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Loan and interest receivables		
– repayable within one year	**3,991**	8,087
– repayable in the second to fifth years	**139**	358
– repayable over the fifth years	**–**	88
	4,130	8,533
Less: impairment loss recognised	**(4,130)**	(6,031)
	–	2,502
Analysed for reporting as:		
Non-current assets	**–**	424
Current assets	**–**	2,078
	–	2,502

Movements during the year are as follows:

	2023	2022
	HK$'000	*HK$'000*
At 1 January	**2,502**	27,656
Interest on loan receivables *(note 5)*	**178**	1,509
Loans and interest repaid by borrowers	**(4,216)**	(28,380)
Reversal of impairment loss recognised *(note 6)*	**1,536**	1,717
At 31 December	**–**	2,502

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

	2023	2022
	HK$'000	*HK$'000*
At 1 January	**6,031**	7,748
Reversal of impairment loss recognised *(note 6)*	**(1,536)**	(1,717)
Loan and interest receivables written off	**(365)**	–
At 31 December	**4,130**	6,031

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

31 December 2023

Loan principal amount ***HK$'000***	**Number of borrowers**	**Interest rate per annum**	**Maturity date**	**Security pledged**
4,070	**3**	**15.0% to 58.0%**	**Within one year after 31 December 2023**	**Nil**

31 December 2022

Loan principal amount *HK$'000*	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

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

15. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables arising from provision of dealing in securities and futures contracts services		
– Clearing house, brokers and cash clients *(note a)*	**6,209**	10,670
– Margin clients *(note b)*	**4,480**	46,101
Trade receivables arising from other business *(note c)*	**73,730**	83,854
	84,419	140,625
Less: allowance for trade receivables from other business	**(2,753)**	(3,777)
	81,666	136,848

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 2023 based on settlement terms and are not impaired since they are settled subsequent to 31 December 2023. 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 12.0% per annum. For credit facilities granted by the Group to margin clients, the margin clients are required to pledge their securities collateral to the Group, and the credit facilities granted is determined by the discounted market value of pledged securities in accordance with the Group's margin lending policies at a specified loan-to-collateral ratio.

At the end of the reporting period, the market value of securities pledged as collateral in respect of the trade receivables from margin clients amounted to approximately HK$140,088,000 (31 December 2022: approximately HK$375,409,000).

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

(c) Trade receivables arising from other business include trade and bills receivables arising from food and beverage and provision of professional services (2022: 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 (2022: 30 days to 180 days).

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

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

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**51,402**	54,858
31 to 60 days	**15,325**	20,262
61 to 90 days	**537**	3,755
91 to 180 days	**2,458**	602
181 to 365 days	**1,255**	600
	70,977	80,077

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

	2023	2022
	HK$'000	*HK$'000*
Neither past due nor impaired	**36,617**	53,048
Past due but not impaired		
– 1 to 30 days	**26,047**	20,932
– 31 to 90 days	**8,313**	4,299
– Over 90 days	**–**	1,798
Total	**70,977**	80,077

The Group's trade 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 receivables arising from other business are as follows:

	2023	2022
	HK$'000	*HK$'000*
At 1 January	**3,777**	41,296
(Reversal)/recognition of impairment loss	**(982)**	3,558
Impact on disposal of subsidiaries	**(42)**	(39,241)
Exchange realignment	**–**	(1,836)
At 31 December	**2,753**	3,777

16. TRADE PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables arising from dealing in securities and futures contracts services *(note a)*	**92,900**	26,057
Trade payables arising from provision of escrow services *(note b)*	**24,739**	140,961
Trade payables arising from other business *(note c)*	**5,688**	4,390
	123,327	171,408

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 arising from other business include trade payables arising from food and beverage and provision of professional services business (2022: food and beverage, provision of professional services business and the provision of temperature-controlled storage and ancillary services).

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

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**891**	1,289
31 to 90 days	**1,825**	1,358
91 to 180 days	**1,007**	911
Over 180 days	**1,965**	832
	5,688	4,390

The trade payables are interest-free and are normally settled on terms of 30 days to 180 days (2022: 30 days to 180 days).

MANAGEMENT DISCUSSION AND ANALYSIS

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

During the year ended 31 December 2023 (the "**Reporting Period**"), the Group disposed its subsidiary engaged in temperature-controlled storage and ancillary services business. During the prior year ended 31 December 2022, 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. All of these disposed businesses were 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 recorded stable revenue at approximately HK$431.4 million as compared with the last year (31 December 2022: approximately HK$429.5 million). Despite pressure from the highly competitive environment in Hong Kong, our strategy of refocusing on higher margin products successfully reinforced our position in the market and contributed an uplift to revenue.

The total gross profit for provision of food and beverage services was approximately HK$53.1 million for the Reporting Period, representing an increase of approximately HK$3.7 million as compared with approximately HK$49.4 million for the year ended 31 December 2022. Gross profit margin increased to approximately 12.3%, representing an increase of approximately 0.8% compared with last year. The increase in gross profit and 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$8.1 million during the Reporting Period (31 December 2022: approximately HK$6.0 million). The increase in profit was mainly due to increase in gross margin as stated above, which is partially offset by a turnaround from a net exchange gain for the prior year ended 31 December 2022 to a net exchange loss for the Reporting Period.

Provision of Financial Business

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

During the Reporting Period, the Group's business segment of provision of financial business contributed a total revenue of approximately HK$85.2 million to the Group (31 December 2022: approximately HK$69.0 million), representing a year-on-year increase of approximately 23.5%.

The provision of financial business recorded a loss of approximately HK$23.0 million (31 December 2022: approximately HK$8.6 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, our securities investment business did not record any net fair value gain on financial assets at fair value through profit or loss (31 December 2022: loss of approximately HK$20.2 million). We stay cautious on opening new position on securities trading under the weak market sentiment brought by geopolitical conflicts across various countries and Federal Reserve interest rate hike cycle.

As at 31 December 2023, the Group had a portfolio of securities investment of approximately HK$30.9 million, which consisted of equity securities listed in Hong Kong of approximately HK$12.6 million and unlisted investment funds of approximately HK$18.3 million.

The securities investment business recorded a loss of approximately HK$0.1 million (31 December 2022: approximately HK$20.3 million).

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

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

For the Reporting Period, this business recorded a total turnover of approximately HK$83.3 million (31 December 2022: approximately HK$87.7 million) due to decrease in interest income derived from securities margin financing.

This business recorded a total profit of approximately HK$3.4 million during the Reporting Period (31 December 2022: approximately HK$19.1 million). The decrease in profit is mainly attributable to the decrease in revenue as stated above and an impairment loss of trade receivables arising from margin financing.

An impairment loss of trade receivables arising from margin financing of approximately HK$7.2 million (31 December 2022: Nil) was recognised during the Reporting Period.

Margin loans of two customers with the total gross carrying amount of approximately HK$7.4 million were assessed as credit-impaired as at 31 December 2023. During the Reporting Period, the market price of listed securities pledged by those margin clients significantly declined, and they failed to fully make up the margin shortfall by providing sufficient monetary amount of additional collaterals or repayment. Accordingly forced sale of the relevant pledged securities of the clients' position in the open market were executed. Impairment provision with a total amount of approximately HK$7.2 million was made for these two exposures at the end of the Reporting Period.

As at 31 December 2023, the gross value of outstanding trade receivables arising from margin financing is approximately HK$4.2 million with interest rate of approximately 8.0% per annum and repayment on demand. Those trade receivables were secured by underlying equity securities amounted to approximately HK$139.8 million. 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. As at 31 December 2023, margin loans with gross carrying amount of HK$7.4 million with interest rate of approximately 12.0% per annum and repayment on demand were assessed as credit-impaired due to margin shortfall as stated in the above paragraph. At the end of the Reporting Period, those margin loans were secured by underlying equity securities amounted to approximately HK$0.2 million. The Group has the right to proceed with sale of collaterals to recover the outstanding margin loans.

The Group's trade receivables from margin financing were concentrated, in which approximately 94.1% (approximately HK$4.2 million) and 100% (approximately HK$4.5 million) of such receivables were due from the largest borrower and the top three borrowers, respectively.

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 and Credit Card Business

Following the agreement entered between one of the world's largest card payment organization ("**Card Payment Organization**") and PFH Finance Limited ("**PFH Finance**"), an indirectly wholly-owned subsidiary of the Company, the Group is pursuing to develop the business of asset-backed credit cards in Hong Kong's consumer market. As a Card Payment Organization's authorized principal member, PFH Finance targets to issue the credit cards that allow consumers to apply for lines of credit with fewer typical qualifications such as income proof and credit scoring. Instead, customers may provide their assets (the "**Underlying Assets**"), in return for equivalent credit allowing customers to utilise their Underlying Assets as immediate spending power. The Underlying Assets will be put in escrow in PFH FinTech Limited ("**PFH FinTech**"), being an indirect wholly-owned subsidiary of the Company licensed as a Trust and Company Service Provider in Hong Kong by the Companies Registry. The maximum credit granted to each customer is calculated in terms of the assessed market value of the Underlying Assets under the custody of PFH FinTech, with a cap determined by PFH Finance. Customers are granted with interest-free period of up to around 50 days, before interest will be imposed on the unrepaid balances after the relevant repayment due date. The effective interest rates charged on those unrepaid balances are ranging from 36.0% to 48.0% per annum.

The Group's original money lending business consists of granting of loans to a variety of customers, including both individuals and corporations, and is conducted primarily through PFH Finance, which is a money lender licenced in Hong Kong under the provisions of the Money Lenders Ordinance.

The Group's money lending and credit card business recorded a turnover of approximately HK$2.0 million (31 December 2022: approximately HK$1.5 million) since the Group successfully commenced its credit card issuing business and recorded credit card handling charge income for customers' retail purchases.

As at 31 December 2023, the Group has a gross carrying amount of loan and interest receivables of approximately HK$4.1 million, which consisted of 3 outstanding unsecured loans with average effective interest rate of approximately 24.4% per annum with terms ranging from 12 months to 48 months (the "**Outstanding Loans**"). All Outstanding Loans were granted to independent third parties of the Company.

The Group's gross loan and interest receivables were concentrated, in which approximately 85.1% (approximately HK$3.5 million) of such receivables were due from the largest borrower.

When the Group discovers that a borrower has become bankrupt, the Group will fully write off the loan and interest receivables of that borrower. A loan and interest receivables of approximately HK$0.4 million were written off during the year ended 31 December 2023 (31 December 2022: Nil).

A reversal of impairment loss on loan and interest receivables of approximately HK$1.5 million was recognised during the year ended 31 December 2023 mainly due to the overall decrease in gross loan and interest receivables in the same period as there were repayments made during the year.

The provision of money lending and credit card business recorded a loss of approximately HK$26.3 million (31 December 2022: approximately HK$7.4 million). The increase in loss was primarily due to the additional staff cost incurred which resulted from increase in headcount for our credit card business.

Properties Holding

The Group had held an industrial property located at Cheung Sha Wan, Hong Kong, which had been subdivided into twenty-two separate lots. During the prior year ended 31 December 2022, the Group entered into three agreements with an independent third party to dispose of seven of these separate lots for an aggregated consideration of HK$23,200,000. For details, please refer to the Company's announcement dated 22 September 2022.

The Group currently holds the remaining fifteen lots and leased out some of these properties.

During the Reporting Period, the business segment of properties holding reported a revenue of approximately HK$0.8 million (31 December 2022: Nil).

The properties holding business recorded a segment loss of approximately HK$9.5 million (31 December 2022: approximately HK$35.2 million).

An impairment loss on properties for development of approximately HK$7.0 million was provided during the Reporting Period (31 December 2022: approximately HK$25.8 million).

The loss on change in fair value of investment properties of approximately HK$1.6 million was provided during the Reporting Period (31 December 2022: approximately HK$7.1 million).

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)嬰童護理用品有限公司)("**Frog Prince (Fujian) Baby**"). During the prior year ended 31 December 2022, the Group disposed its entire interest in Frog Prince (Fujian) Baby and ceased to engage in personal care products business upon the disposal.

During the Reporting Period, the Group's business segment of personal care products did not record any revenue. This business segment contributed a total revenue of approximately HK$392.0 million and recorded a loss of approximately HK$33.9 million for the period ended 31 December 2022.

Compliance Advisory Services Business

During the prior year ended 31 December 2022, 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, the Group's business segment of compliance advisory services business did not record any revenue. A revenue of approximately HK$1.5 million and a loss of approximately HK$0.8 million were recorded during the year ended 31 December 2022.

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 prior year ended 31 December 2022, the Group disposed its entire interest in 天一融資 and ceased to engage in finance leasing and factoring business upon the disposal. The business segment of finance leasing and factor did not record any revenue during the Reporting Period. A revenue of approximately HK$1.5 million and a loss of approximately HK$12.8 million were recorded during the period ended 31 December 2022.

Others (Temperature – controlled Storage)

The segment mainly represents the provision of temperature-controlled storage and ancillary services business conducted primarily through the Company's indirect subsidiary, China Cold Chain Co. Limited ("**CCC**"). During the Reporting Period, the Group disposed its entire interest in CCC and ceased to engage in temperature-controlled storage and ancillary services business upon the disposal. The segment contributed a total revenue of approximately HK$1.9 million to the Group, representing a decrease of about 82.4% over the same period of last year (31 December 2022: approximately HK$10.8 million) and posted a loss of approximately HK$0.5 million, representing a decrease of 91.9% (31 December 2022: approximately HK$6.2 million).

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group was approximately HK$517.4 million, representing an increase of about 3.8% over the last year (for the year ended 31 December 2022: approximately HK$498.5 million).

Gross Profit and Gross Profit Margin

Gross profit of the Group for the Reporting Period was approximately HK$118.2 million, representing an increase of about 16.9% as compared with the gross profit of approximately HK$101.1 million for the year ended 31 December 2022. The increase in the gross profit was mainly due to increase in gross profit of provision of financial business.

During the Reporting Period, the gross profit margin increased by approximately 2.5% over the last year to approximately 22.8% (for the year ended 31 December 2022: approximately 20.3%). The increase in overall gross profit margin was primarily due to increase in gross profit margin of provision of financial business.

Other Income and Gains

Other income and gains mainly comprised of interest income from bank deposits, net foreign exchange gains and other miscellaneous income or gains. Other income and gains amounted to approximately HK$12.0 million for the Reporting Period, representing an increase of 150.0% as compared with approximately HK$4.8 million for the same period of last year. The increase is primarily attributable to increase in interest income from bank deposit.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of storage and logistic costs, salaries expenses of sales personnel and other expenses. Selling and distribution expenses amounted to approximately HK$37.8 million for the Reporting Period, representing a decrease of about 1.4% as compared with approximately HK$38.3 million for the year ended 31 December 2022. The decrease was mainly due to decrease in salaries expenses of sales personnel.

The selling and distribution expenses accounted for approximately 7.3% of the revenue during the Reporting Period (for the year ended 31 December 2022: approximately 7.7%), among which, storage and logistic costs, as a percentage of revenue, remained approximately 5.7% for the year ended 31 December 2023 and 2022.

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$106.5 million for the Reporting Period (for the year ended 31 December 2022: approximately HK$89.4 million), representing an increase of approximately 19.1% over the last year. The increase was mainly due to increases in wages and salaries as well as professional and consultancy fees incurred by our credit card business during the year.

Administrative expenses accounted for approximately 20.6% of the Group's revenue for the Reporting Period (for the year ended 31 December 2022: approximately 17.9%).

Other Expenses

Other expenses mainly represent impairment losses on properties for development and trade receivables from margin clients and other businesses. Other expenses amounted to approximately HK$14.4 million for the Reporting Period, marking a 50.8% year-over-year decline from approximately HK$29.3 million for the year ended 31 December 2022. The decrease was resulted from decrease in impairment loss on properties for development.

Finance Costs

The Group had finance costs of approximately HK$0.8 million for the Reporting Period (for the year ended 31 December 2022: approximately HK$1.4 million).

Disposal of Subsidiaries

China Cold Chain Co. Limited ("CCC")

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

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 prior year ended 31 December 2022, 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 prior year ended 31 December 2022, 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 2023. As at 31 December 2023, 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$38.7 million as compared with loss attributable to equity holders of the Company of approximately HK$88.9 million for the year ended 31 December 2022. The net loss margin was approximately 7.5% as compared with the net loss margin of approximately 17.8% for the year ended 31 December 2022, with basic loss per share of approximately HK$1.7 cents (basic loss per share for the year ended 31 December 2022: approximately HK$3.9 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$0.9 million (for the year ended 31 December 2022: approximately HK$19.4 million), which was mainly used for renovation of our offices and acquisition of office equipment.

Financial Resources and Liquidity

As at 31 December 2023, cash and bank balances of the Group amounted to approximately HK$358.3 million (for the year ended 31 December 2022: approximately HK$307.1 million). The current ratio was 3.4 (for the year ended 31 December 2022: 2.9). Our liquidity remained healthy. The uses of balance of cash and bank balances were mainly as follows: firstly, providing the liquid capital and strengthening the operation of the provision of financial business; secondly, developing the provision of food and beverage services business; and thirdly, pursuing potential acquisition and investment opportunities.

Fundraising Activities

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

Loan and Interest Receivables

As at 31 December 2023, the Group did not have any loan and interest receivables (31 December 2022: approximately HK$2.5 million). During the Reporting Period, the Group did not enter into any additional loan arrangements with customers (31 December 2022: Nil).

A reversal of impairment loss on loan and interest receivables of approximately HK$1.5 million was made during the Reporting Period (31 December 2022: approximately HK$1.7 million).

Gross loan and interest receivables of approximately HK$0.4 million were written off during the Reporting Period (31 December 2022: Nil). Such receivables were fully impaired in prior years.

Trade Receivables

As at 31 December 2023, the Group's trade receivables were approximately HK$81.7 million (31 December 2022: approximately HK$136.8 million). The amount included trade receivables arising from margin financing approximately HK$4.5 million (31 December 2022: HK$46.1 million) with repayment on demand clause and trade receivables arising from dealing in securities and futures contracts services (clearing house, brokers and cash clients) approximately HK$6.2 million (31 December 2022: approximately HK$10.7 million) to be settled one to two days after trade date. Besides, the Group usually grants a credit period of 30 to 180 days to the customers for settling trade receivables arising from the remaining businesses amounted at approximately HK$71.0 million (31 December 2022: approximately HK$80.1 million).

An impairment loss on trade receivables arising from margin financing of approximately HK$7.2 million was recorded during the Reporting Period (31 December 2022: Nil). A reversal of impairment loss on trade receivables arising from the remaining businesses of approximately HK$1.0 million was made during the Reporting Period (31 December 2022: impairment loss of approximately HK$3.6 million).

Trade Payables

As at 31 December 2023, trade payables were approximately HK$123.3 million (31 December 2022: approximately HK$171.4 million), of which included trade payables arising from dealing in securities and futures contracts services approximately HK$92.9 million (31 December 2022: approximately HK$26.1 million) to be settled one to two days after trade date and trade payables arising from provision of escrow services approximately HK$24.7 million (31 December 2022: approximately HK$141.0 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$5.7 million (31 December 2022: approximately HK$4.4 million) on terms of 30 to 180 days and kept good payment records.

Inventories

As at 31 December 2023, inventories of the Group were approximately HK$42.7 million (31 December 2022: approximately HK$40.1 million). As at 31 December 2023, the inventory balance increased by approximately 6.5% over 31 December 2022.

Gearing Ratio

As at 31 December 2023, the current assets and total assets of the Group were approximately HK$574.2 million and HK$810.8 million respectively, the current liabilities and total liabilities of the Group were approximately HK$170.7 million and HK$177.1 million respectively. The gearing ratio (total liabilities/total assets) of the Group was approximately 21.8% (31 December 2022: approximately 27.8%).

Bank Borrowings

As at 31 December 2023, the Group had bank borrowings of approximately HK$6.9 million (31 December 2022: approximately HK$13.2 million). Facilities were provided to the Group from banks in Hong Kong in the form of secured bank borrowings amounting to approximately HK$6.9 million secured by a guarantee from the Company. (31 December 2022: 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.)

Pledge of Assets

As at 31 December 2023, the Group did not have any pledged deposits (31 December 2022: approximately HK$3.0 million) for short-term bank 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$ 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 2023 and 31 December 2022, the Group had no material contingent liabilities.

OUTLOOK

The Group aims to create long-term values for its Shareholders by building up a well-diversified business portfolio with hot prospects. In light of the slower-than-expected economic recovery in post-pandemic era, the persistent Russia-Ukraine and Israel-Hamas geopolitical conflicts as well as uncertainty about the path of interest rates, the Group will monitor its business development in cautious manner.

Looking ahead to 2024, it will be a challenging year for our food and beverage services business. Macro-economic factors will continue to have substantial impacts on the global economy, including inflation, high yield curve as well as geopolitical tensions. The supply side is expected to continue to be influenced by elevated operating costs for raw materials, energy and logistics. In view of the dynamic market situations, the Group will take appropriate actions to enhance its profitability, such as building reliable relationships with a diverse list of suppliers from different sourcing territories, broadening the scope of its high margin product offerings and providing more value-added services to customers. With the support of our extensive client base, which consists mostly of reputable restaurants and retail chains, supermarkets, and wholesalers, we are confident in the long-term prospects of the food and beverage service business. We will also keep to pursue further possible business opportunities, including but not limited to engaging logistic partners to enhance efficiency in our inventory management.

The short-to-medium-term market headwinds, including inflation and interest rate hikes, global geopolitical tensions, recession risks in the Europe and debt defaults events brought by Mainland China's property developers shall continue to dampen investor sentiment in 2024. In the midst of the high uncertainty, we will remain conservative in considering investment in securities or other financial products.

Given Hong Kong's strategic role as a global hub for offshore RMB business and a regional hub for green technology and finance, the Group believes Hong Kong will continue to take a leading position in the regional capital market. The Group has been looking into opportunities to expand its business portfolio in the financial sector. We aim at a progressive and balanced development of our recent entry in Hong Kong's credit card business and generation of sustainable return by capitalizing the emerging opportunities in asset-backed credit cards markets.

For the redevelopment of our land parcels and properties located at Yuen Long, we have made relevant applications to the Hong Kong Government for approval. During the Reporting Period, the relevant government authority has conditionally approved our plan over four parcels of those lands by constructing single block residential building on each parcel of land under certain prerequisites. We are in process of communicating with the relevant government authority for the details of the construction plan in order to fulfill the environmental or other statutory requirements. 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 for the redevelopment of remaining parcels of lands.

To create values for the Shareholders, the Group will evaluate the performance of its current businesses on an ongoing basis and will explore growing the segment with promise. Diversification into new businesses will also be considered if favorable opportunities arise. The Company shall make a formal announcement and comply with the reporting obligation pursuant to the Listing Rules as and when appropriate.

EMPLOYEES AND REMUNERATION

As at 31 December 2023, the Group employed 126 employees (as at 31 December 2022: 84 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.

Furthermore, pursuant to the relevant laws and regulations in the United Kingdom, the Group has joined the respective defined contribution retirement schemes for its local employees (the "**UK Retirement Schemes**"). The Group makes contributions to the UK Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. As at 31 December 2023, there were no forfeited contributions for the UK Retirement Schemes as the contributions were fully vested to the employees pursuant to the applicable laws and regulations.

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

FINAL DIVIDEND

The Board has resolved not to declare any final dividend in respect of the year ended 31 December 2023 (year ended 31 December 2022: Nil).

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**"), comprising the Company's three independent non-executive Directors, has reviewed the consolidated financial statements of the Group for the year ended 31 December 2023, and discussed with the management and the auditor of the Company, CCTH CPA Limited, on the accounting principles and practices, financial reporting process, internal control adopted by the Group, with no disagreement by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2023, the Company exercised its powers under the general mandate to repurchase the shares granted by the Shareholders to the Board, which shall expire on the conclusion of the next annual general meeting of the Company, and repurchased a total of 11,000,000 shares on the Stock Exchange at an aggregate consideration of HK$322,642.34. As at 31 December 2023, the total number of shares of the Company in issue was 2,274,123,000, which does not reflect the 11,000,000 shares repurchased during the year ended 31 December 2023. All the 11,000,000 shares repurchased were subsequently cancelled on 15 January 2024.

In January 2024, the Company further repurchased a total of 32,829,000 shares on the Stock Exchange at an aggregate consideration of HK$1,581,328.04 and all the 32,829,000 shares were subsequently cancelled on 29 February 2024. As at the date of this announcement, the total number of shares in issue is 2,230,294,000.

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

Month	**Number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate consideration**
		HK$	*HK$*	*HK$*
November 2023	9,000,000	0.033	0.028	267,079.61
December 2023	2,000,000	0.029	0.027	55,562.73

The Board believed that the shares had been trading at a level which did not reflect the intrinsic value of the Company prior to the share repurchases and that the share repurchases would enable the Company to utilise its existing cash resources to enhance the value of the shares of the Company.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

SUFFICIENCY OF 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 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 C1 to the Listing Rules during the year ended 31 December 2023 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 2023, 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 23 June 2023 ("**2023 AGM**") and addressed questions raised by the Shareholders at the 2023 AGM. The chairman of the audit and nomination committees of the Board, the then chairman of the remuneration committee and representatives of the Company's auditor also attended the 2023 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 2023. 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 C3 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 2023.

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

There are no significant events subsequent to 31 December 2023 which would materially affect the Group's operating and financial performance as of the date of this annual announcement.

SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH CPA Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.pfh.hk) and the Stock Exchange (www.hkexnews.hk). The Company's annual report for the year ended 31 December 2023, containing all the information required by the Listing Rules, will be available on the above websites and despatched to the Shareholders in due course.

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

Hong Kong, 28 March 2024

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