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 2019

FINANCIAL HIGHLIGHTS OF CONTINUING OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2019:

Revenue increased by about 34.0% from approximately RMB619.7 million of the same period in 2018 to approximately RMB830.2 million.

Gross profit increased by about 50.6% over the same period in 2018 to approximately RMB127.5 million.

Gross profit margin increased by around 1.7 percentage points over the same period in 2018 to approximately 15.4%.

Loss attributable to equity holders of the Company for the year amounted to approximately RMB73.4 million, as compared to loss attributable to equity holders of the Company amounted to RMB435.3 million over the same period in 2018.

Basic loss per share attributable to equity holders of the Company from continuing operations amounted to approximately RMB4.6 cents, as compared to basic loss per share attributable to equity holders of the Company from continuing operations amounted to approximately RMB34.1 cents over the same period in 2018.

The board (the "**Board**") of directors (the "**Directors**") of Prosperous Future Holdings Limited (formerly known as "Future Development Holdings Limited" and "China Child Care Corporation 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 2019 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000 (Restated)
Continuing operations			
Revenue	*4*	**830,166**	619,700
Cost of sales		**(702,678)**	(535,055)
Gross profit		**127,488**	84,645
Other income and gains	*5*	**40,852**	6,830
Loss on change in fair value of investment properties		**(6,119)**	(16,386)
Selling and distribution expenses		**(67,467)**	(66,213)
Administrative expenses		**(124,107)**	(132,801)
Impairment loss of goodwill		**(2,804)**	(31,157)
Other expenses	*6*	**(51,792)**	(274,426)
Finance costs	*7*	**(4,774)**	(11,248)
Share of loss of associates		**(65)**	(3,867)
Share of profit/(loss) of joint ventures		**278**	(899)
Loss before tax	*8*	**(88,510)**	(445,522)
Income tax credit/(expense)	*9*	**1,863**	18
Loss for the year from continuing operations		**(86,647)**	(445,504)

	Notes	2019 RMB'000	2018 RMB'000 (Restated)
Discontinued operations			
Profit for the year from discontinued operations	*10*	**15,356**	6,544
Loss for the year		**(71,291)**	(438,960)
(Loss)/profit attributable to the equity holders of the Company from:			
– Continuing operations		**(73,354)**	(435,265)
– Discontinued operations		**24,956**	3,830
Loss for the year attributable to the equity holders of the Company		**(48,398)**	(431,435)
Loss attributable to non-controlling interests from:			
– Continuing operations		**(13,293)**	(10,239)
– Discontinued operations		**(9,600)**	2,714
Loss for the year attributable to non-controlling interests		**(22,893)**	(7,525)
Loss for the year		**(71,291)**	(438,960)
Loss for the year		**(71,291)**	(438,960)
Other comprehensive income/(expense) arising from continuing operations:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of operations outside Mainland China		**7,101**	29,789
		7,101	29,789
Items that may 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		**(56,397)**	(82,360)
		(56,397)	(82,360)

	Notes	2019 RMB'000	2018 RMB'000 (Restated)
Other comprehensive expense for the year arising from continuing operations		**(49,296)**	(52,571)
Other comprehensive income arising from discontinued operations:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of operation outside Mainland China		**364**	1,092
Reclassification adjustment relating to foreign operations disposed during the year		**8,498**	—
Other comprehensive income arising from discontinued operations		**8,862**	1,092
Total other comprehensive expenses for the year		**(40,434)**	(51,479)
Total comprehensive expense for the year		**(111,725)**	(490,439)
Total comprehensive (expense)/income attributable to equity holders of the Company from:			
– Continuing operations		**(123,554)**	(486,479)
– Discontinued operations		**33,640**	4,387
Total comprehensive expense for the year attributable to equity holders of the Company		**(89,914)**	(482,092)
Total comprehensive (expense)/income attributable to non-controlling interests from:			
– Continuing operations		**(12,389)**	(11,596)
– Discontinued operations		**(9,422)**	3,249
Total comprehensive expense for the year attributable to non-controlling interests		**(21,811)**	(8,347)
Total comprehensive expense for the year		**(111,725)**	(490,439)

	Notes	**2019**	2018
		RMB cents	*RMB cents*
			(Restated)
Loss per share from continuing and discontinued operations	*12*		
Basic		**(3.0)**	(33.8)
Diluted		**N/A**	N/A
Loss per share from continuing operations	*12*		
Basic		**(4.6)**	(34.1)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**85,729**	171,823
Right-of-use assets		**27,639**	–
Prepaid land lease payments		–	10,511
Investment properties		**80,460**	115,768
Properties for development		**99,234**	123,854
Goodwill		–	22,800
Intangible assets		–	–
Interests in associates		**2,927**	616
Interests in joint ventures		–	–
Financial assets at fair value through other comprehensive income		**32,564**	128,361
Deferred tax assets		**2,677**	804
Loan and interest receivables	*13*	**6,776**	107,753
Prepayments and deposits		**1,499**	16,700
		339,505	698,990
CURRENT ASSETS			
Inventories		**40,820**	102,239
Loan and interest receivables	*13*	**73,126**	68,338
Trade and bills receivables	*14*	**97,746**	82,164
Prepayments, deposits and other receivables		**84,759**	40,861
Other financial assets		–	14,010
Amounts due from related companies		–	9,782
Amount due from an associate		**23,125**	23,589
Amount due from a joint venture		**6,304**	5,896
Amount due from non-controlling interest		–	2,961
Income tax recoverable		–	136
Pledged bank deposits		**16,906**	7,442
Cash and cash equivalents		**414,065**	218,888
		756,851	576,306

	Notes	2019 RMB'000	2018 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	15	**104,314**	70,770
Other payables and accruals		**45,209**	43,123
Bank and other borrowings		**96,986**	173,768
Promissory notes payable		**12,130**	13,615
Amount due to a related company		**–**	1,500
Amounts due to associates		**5,600**	92,065
Amount due to a joint venture		**–**	4
Amount due to non-controlling interest		**895**	830
Lease liabilities		**5,189**	–
Income tax payable		**4,463**	16,977
		274,786	412,652
NET CURRENT ASSETS		**482,065**	163,654
TOTAL ASSETS LESS CURRENT LIABILITIES		**821,570**	862,644
NON-CURRENT LIABILITIES			
Lease liabilities		**(17,335)**	–
Deferred tax liabilities		**(14,894)**	(15,418)
		(32,229)	(15,418)
NET ASSETS		**789,341**	847,226
EQUITY			
Share capital		**15,348**	11,649
Reserves		**725,174**	762,325
Equity attributable to equity holders of the Company		**740,522**	773,974
Non-controlling interests		**48,819**	73,252
TOTAL EQUITY		**789,341**	847,226

NOTES:

1. GENERAL INFORMATION

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 Room 2005-2006, Kinwick Centre, 32 Hollywood Road, Central, Hong Kong and in the People's Republic of China (the "Mainland China" or the "PRC") is located at No. 8 North Wuqiao Road, Lantian Economic Development Zone, Zhangzhou City, Fujian Province, the PRC.

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the manufacture and sale of personal care products, money lending, trading of commodities, securities investment, properties holding, investment holding and the provision of food and beverage services.

During the year, the Group discontinued its operation of online platform, details of which are set out in note 10.

The consolidated financial statements of the Group, comprising the Company and its subsidiaries, are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

Restatement due to discontinued operations

The comparative information in respect of the consolidated statement of comprehensive income, together with notes thereon for the year ended 31 December 2018 has been restated, where appropriate, in order to conform with the current year's presentation of the discontinued operations separately from continuing operations. As the restatements do not affect the consolidated statement of financial position, it is not necessary to disclose comparative information as at 1 January 2018.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and revised IFRSs applied in the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standard Board ("IASB"):

IFRS 16	Leases
IFRIC–Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendment to IFRSs	Annual Improvements 2015-2017 cycle

Other than as explained below regarding the impact of IFRS 16 "Leases", the application of other new and amended standards effective in respect of the current year had no material impact on the Group's financial position and financial performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 "Leases" ("IAS 17") and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease. The application of new definition of a lease had no material impact on the Group's financial position on 1 January 2019.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities. Comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) relied on the assessment of whether leases are onerous by applying IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

(ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

(iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iv) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis; and

(v) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 6.48%.

	At 1 January 2019
	RMB'000
Operating lease commitments disclosed as at 31 December 2018	**10,481**
Lease liabilities discounted at relevant incremental borrowing rates	**10,073**
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	**(422)**
Change in allocation basis between lease and non-lease components	**(423)**
Lease liabilities as at 1 January 2019	**9,228**
Analysed as	
Current	**8,192**
Non-current	**1,036**
	9,228

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Right-of-use assets
	RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	9,228
Reclassified from prepaid lease payments	10,779
	20,007

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included:

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under IFRS 16 at 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current Assets	698,990	9,496	**708,486**
Right-of-use assets	–	20,007	**20,007**
Prepaid land lease payments	10,511	(10,511)	–
Current Assets	576,306	(268)	**576,038**
Prepayments, deposits and other receivables	40,861	(268)	**40,593**
Current Liabilities	412,652	8,192	**420,844**
Lease liabilities	–	8,192	**8,192**
Non-current Liabilities	15,418	1,036	**16,454**
Lease liabilities	–	1,036	**1,036**

3. OPERATING SEGMENT INFORMATION

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

Continuing operations

(a) Personal care products – manufacture and sale of skin care, body and hair care products (2018: manufacture and sale of skin care, body and hair care products, oral care and diaper and tissue products)

(b) Money lending

(c) Trading of commodities

(d) Securities investment

(e) Properties holding

(f) Food and beverage – sale of frozen food and beverage products and provision of related services

Discontinued operations

Operation of online platform

The operation of online platform segment was disposed during the year and is regarded discontinued operations, details of which set out in note 10.

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 loss/profit, which is a measure of adjusted loss/profit before tax. The adjusted loss/ profit before tax is measured consistently with the Group's loss/profit before tax except for that interest income, gain on disposal of subsidiaries, other unallocated income and gains, impairment loss of goodwill, finance costs as well as corporate and unallocated expenses are excluded from such measurement.

Segment assets exclude unallocated property, plant and equipment, right-of-use assets, deferred tax assets, prepayments, deposits and other receivables, unallocated financial assets at fair value through other comprehensive income, other financial assets, amount due from a joint venture, income tax recoverable, pledged bank deposits and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude unallocated other payables and accruals, bank and other borrowings, promissory notes payable, income tax payable, amount due to a joint venture and deferred tax liabilities as these liabilities are managed on a group basis.

	Continuing operations							Discontinued operations		
	Personal care products *RMB'000*	Money lending *RMB'000*	Trading of commodities *RMB'000*	Securities investment *RMB'000*	Properties holding *RMB'000*	Food & beverage *RMB'000*	Subtotal *RMB'000*	Operation of online platform *RMB'000*	Subtotal *RMB'000*	Total *RMB'000*
Segment revenue and segment results Year ended 31 December 2019										
Segment revenue	524,480	28,960	89,559	–	775	186,392	830,166	6,642	6,642	836,808
Unallocated revenue										–
Total revenue										836,808
Segment (loss)/profit	(38,545)	(2,745)	(22,389)	(61)	(31,683)	5,724	(89,699)	6,606	6,606	(83,093)
Interest income							2,047		–	2,047
Gain on disposal of subsidiaries							28,962		9,840	38,802
Other unallocated income and gains							686		–	686
Impairment loss on goodwill							(2,804)		–	(2,804)
Corporate and other unallocated expenses							(22,928)		–	(22,928)
Finance costs							(4,774)		–	(4,774)
Loss before tax							(88,510)		16,446	(72,064)

	Continuing operations							Discontinued operations		
	Personal care products *RMB'000*	Money lending *RMB'000*	Trading of commodities *RMB'000*	Securities investment *RMB'000*	Properties holding *RMB'000*	Food & beverage *RMB'000*	Subtotal *RMB'000*	Operation of online platform *RMB'000*	Subtotal *RMB'000*	Total *RMB'000*
Segment assets and segment liabilities As at 31 December 2019										
Segment assets	**224,738**	**83,380**	**6,005**	**32,564**	**182,685**	**120,352**	**649,724**	**–**	**–**	**649,724**
Goodwill										**–**
Corporate and other unallocated assets										**446,632**
Total assets										**1,096,356**
Segment liabilities	**120,658**	**2,486**	**1,289**	**199**	**1,940**	**45,323**	**171,895**	**–**	**–**	**171,895**
Corporate and other unallocated liabilities										**135,120**
Total liabilities										**307,015**
Other segment information:										
Depreciation*	**28,128**	**3,316**	**–**	**–**	**45**	**216**	**31,705**	**–**	**–**	**31,705**
Unallocated										**1,668**
										33,373
Capital expenditure**	**11,885**	**–**	**–**	**–**	**–**	**9,807**	**21,692**	**–**	**–**	**21,692**
Unallocated										**–**
										21,692

	Continuing operations						Discontinued operations		
	Personal care products *RMB'000*	Money lending *RMB'000*	Trading of commodities *RMB'000*	Securities investment *RMB'000*	Properties holding *RMB'000*	Subtotal *RMB'000*	Operation of online platform *RMB'000*	Subtotal *RMB'000*	Total *RMB'000*
Segment revenue and segment results									
Year ended 31 December 2018									
Segment revenue	396,093	35,936	182,890	–	4,781	619,700	11,515	11,515	631,215
Unallocated revenue									–
Total revenue									631,215
Segment (loss)/profit	(338,069)	4,736	(16,642)	(96)	(34,312)	(384,383)	8,115	8,115	(376,268)
Interest income						3,234			3,234
Loss on disposal of a subsidiary						(9,004)			(9,004)
Other unallocated income and gains						3,738			3,738
Impairment loss on goodwill						(31,157)			(31,157)
Corporate and other unallocated expenses						(16,702)			(16,702)
Finance costs						(11,248)			(11,248)
Loss before tax						(445,522)			(437,407)

	Continuing operations						Discontinued operations		
	Personal care products *RMB'000*	Money lending *RMB'000*	Trading of commodities *RMB'000*	Securities investment *RMB'000*	Properties holding *RMB'000*	Subtotal *RMB'000*	Operation of online platform *RMB'000*	Subtotal *RMB'000*	Total *RMB'000*
Segment assets and segment liabilities As at 31 December 2018									
Segment assets	336,704	180,556	98,949	113,370	240,414	969,993	13,563	13,563	983,556
Goodwill							22,800	22,800	22,800
Corporate and other unallocated assets									268,940
Total assets									1,275,296
Segment liabilities	181,517	3,043	15,829	196	1,624	202,209	50	50	202,259
Corporate and other unallocated liabilities									225,811
Total liabilities									428,070
Other segment information:									
Depreciation and amortisation*	25,688	719	–	–	37	26,444	495	495	26,939
Unallocated									1,660
									28,599
Capital expenditure**	10,617	48	–	–	285	10,950	–	–	10,950
Unallocated									–
									10,950

Segment revenue reported above represents revenue generated from external customers. There was no inter-segment sale in the current year (2018: Nil).

* Depreciation consist of depreciation of property, plant and equipment and right-of-use assets. (2018: Depreciation and amortisation consist of depreciation of property, plant and equipment and amortisation of intangible assets and prepaid land lease payments).

** 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 is presented based on the location of customers as detailed below:

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
PRC (excluding Hong Kong)	**335,481**	361,112
Hong Kong	**213,742**	54,160
USA	**241,443**	159,998
Overseas (excluding USA)	**39,500**	44,430
	830,166	619,700
Discontinued operations		
Hong Kong	**6,642**	11,515
	836,808	631,215

Information about major customers

Revenue from individual customers contributing over 10% of the revenue of the Group is as follows:

		2019	2018
Revenue generated from	**Continuing operations**	*RMB'000*	*RMB'000*
Customer A	Personal care products	**200,566**	165,184
Customer B	Personal care products	**191,594**	135,960

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

4. REVENUE

The following is an analysis of the Group's revenue for the year:

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Revenue from sales of goods	**614,039**	578,983
Interest income from money lending business *(note 13)*	**28,960**	35,936
Rental income from lease of investment properties	**775**	4,781
Income from food and beverage business	**186,392**	–
Revenue arising from continuing operations	**830,166**	619,700
Discontinued operations		
Income from operation of online platform	**6,642**	11,515
	836,808	631,215

Revenue from sale of goods, mainly comprising personal care products and commodities is recognised at a point in time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Income from food and beverage business mainly represents sales value of frozen foods and beverage products which is recognised at a point in time, when the Group transferred the provisional goods and services to customers.

Based on the historical pattern, the directors of the Company are of the opinion that the income from operation of online platform is derived from services rendered for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

5. OTHER INCOME AND GAINS

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Interest income from bank deposits	**2,047**	3,234
Income derived from other financial assets	**515**	504
Government subsidies *(note below)*	**4,298**	1,399
Gain on disposal of subsidiaries	**28,962**	–
Gain on disposal of property, plant and equipment	**61**	31
Reversal of impairment loss of trade receivables *(note 14)*	**1,911**	–
Sundry income	**3,058**	1,662
	40,852	6,830
Discontinued operations		
Gain on disposal of subsidiaries	**9,840**	–
	50,692	6,830

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

6. OTHER EXPENSES

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Loss on disposal of a subsidiary	–	9,004
Loss on disposal of property, plant and equipment	**689**	–
Loss on early redemption of promissory notes	–	104
Impairment loss on property, plant and equipment	–	170,747
Impairment loss on properties for development	**26,451**	20,154
Impairment loss on interests in associates	–	3,217
Impairment loss on loan and interest receivables *(note 13)*	**4,644**	4,673
Impairment loss on trade receivables *(note 14)*	**6,775**	1,660
Trade receivables written off	–	4,060
Loan and interests receivable written off *(note 13)*	**12,586**	–
Labelling issue recalling expenses (note below)	–	60,614
Others	**647**	193
	51,792	274,426

Note: For the prior year ended 31 December 2018, the Group was forced by the PRC local authority to recall certain products manufactured by the Group, which were mainly sold to an associate, Fujian Herun Supply Chain Management Co., Limited ("**Fujian Herun**"), which in turn sold to the market in prior years. As a result of the inappropriate labelling of the expiry date on such products, a total sum of approximately RMB60,614,000 were paid by the Group to Fujian Herun for the recall of the goods demanded by the PRC local authority, comprising (i) the recall price of the goods together with relevant expenses incurred totalled RMB12,864,000; (ii) selling expenses incurred by Fujian Herun and borne by the Group amounted to RMB17,750,000; (iii) compensation for damages incurred by Fujian Herun amounted to RMB30,000,000.

7. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Interest on bank borrowings	**2,852**	5,589
Interest on bills payables	–	1,950
Interest on other borrowings	**1,640**	3,573
Imputed interest on promissory notes payable	–	136
Finance cost on lease liabilities	**282**	–
	4,774	11,248

8. LOSS BEFORE TAX

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

	2019 *RMB'000*	2018 *RMB'000* (Restated)
Continuing operations		
Cost of inventories sold *(note a below)*	**698,793**	535,055
Depreciation of property, plant and equipment *(note a below)*	**29,567**	27,798
Depreciation of right-of-use assets	**3,806**	–
Amortisation of prepaid land lease payments	**–**	270
Amortisation of intangible assets	**–**	36
Storage expense	**8,591**	–
Short-term lease expenses	**797**	–
Minimum lease payments under operating leases on land and buildings	**–**	4,438
Employee benefit expenses (including directors' remuneration) *(notes a & b below)*:		
Wages and salaries	**74,950**	93,935
Equity-settled share-based payments	**–**	1,213
Retirement benefit scheme contributions	**5,849**	3,547
Total staff costs	**80,799**	98,695
Auditors' remuneration		
– audit services	**1,977**	1,751
– non-audit services	**710**	342
Research and development costs included in administrative expenses *(note b below)*	**22,233**	20,621
Net foreign exchange losses	**7,520**	6,746

	2019 *RMB'000*	2018 *RMB'000*
Discontinued operations		
Depreciation of PPE	**–**	495
Minimum lease payments under operating leases on land and buildings	**–**	152
Employee benefit expenses (including directors' remuneration)		
Wages and salaries	**3**	180
Retirement benefit scheme contributions	**–**	10
Total staff costs	**3**	190

Notes:

(a) The depreciation and employee benefit expenses include amounts of RMB2,276,000 (2018: RMB8,747,000) and RMB36,899,000 (2018: RMB50,617,000) respectively which are also included in the cost of inventories sold.

(b) For the year ended 31 December 2019, the research and development costs for the year included an amount of RMB7,771,000 (2018: RMB4,564,000) relating to staff costs for research and development activities, which is also included in the total amounts of employee benefit expenses.

9. INCOME TAX CREDIT/(EXPENSE)

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Hong Kong Profits Tax	**–**	(818)
PRC Enterprise Income Tax	**36**	(206)
Current tax credit/(charge)	**36**	(1,024)
Deferred tax credit	**1,827**	1,042
Income tax credit from continuing operations	**1,863**	18
Discontinued operations		
Hong Kong Profits Tax	**(1,090)**	(1,571)
Income tax expense from discontinued operations	**(1,090)**	(1,571)
Total income tax credit/(expense)	**773**	(1,553)

10. DISCONTINUED OPERATIONS

On 23 August 2019, the Company, entered into an agreement with an independent third party to dispose 51% equity interest in a subsidiary, Marvel Paramount Holdings Limited ("**Marvel**"), Marvel, which through its subsidiary, MYBB Media Company Limited, carried out all of the Group's business of operation of online platform segment. The disposal was completed on 8 October 2019 and the Group discontinued its business of online platform operation.

The loss for the year from the discontinued business of operation of online platform segment is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to conform with the current year's presentation.

	1/1/2019 to 8/10/2019 *RMB'000*	Year ended 31/12/2018 *RMB'000*
Profit from online platform operation	**5,516**	6,544
Gain on disposal of the subsidiary	**9,840**	–
	15,356	6,544

The results of online platform operation for the period from 1 January 2019 to 8 October 2019, which were included in discontinued operations, are analysed as follows:

	Notes	**1/1/2019 to 8/10/2019** *RMB'000*	Year ended 31/12/2018 *RMB'000*
Revenue			
Income from operation of online platform	*4*	**6,642**	11,515
Cost of sales		**(22)**	(1,102)
Selling and distribution expenses		–	(504)
Administrative expenses		**(14)**	(1,794)
Profit before tax	*8*	**6,606**	8,115
Income tax expenses	*9*	**(1,090)**	(1,571)
Profit for the period/year		**5,516**	6,544
Net cash outflow from operating activities		**(2)**	(385)
Net cash inflow from investing activities		–	–
Net cash outflow from financing activities		–	–
Net decrease in cash and cash equivalents		**(2)**	(385)

11. DIVIDENDS

The directors of the Company do not recommend any payment of a dividend in respect of the year ended 31 December 2019 (2018: Nil).

12. LOSS PER SHARE

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

	Continuing and discontinued operations		**Continuing operations**	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Loss				
Loss for the purpose of basic loss per share				
Loss for the year attributable to equity holders of the Company	**(48,398)**	(431,435)	**(73,354)**	(435,265)

	2019	2018	2019	2018
	'000	*'000*	***'000***	*'000*
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,611,493**	1,277,771	**1,611,493**	1,277,771

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 years ended 31 December 2019 and 31 December 2018.

Diluted loss per share for the year ended 31 December 2019 and 31 December 2018 are not presented as there were no other potential shares in issue for both of the years.

13. LOAN AND INTEREST RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Loan and interest receivables thereon		
– within one year	**82,847**	73,198
– in the second to fifth years	**3,631**	102,878
– over the fifth years	**3,079**	4,875
	89,557	180,951
Less: Impairment loss recognised	**(9,655)**	(4,860)
	79,902	176,091
Analysed for reporting as:		
Non-current asset	**6,776**	107,753
Current asset	**73,126**	68,338
	79,902	176,091

Movements during the year are as follows:

	2019	2018
	RMB'000	*RMB'000*
At 1 January	**176,091**	205,382
Loans made by the Group	**64,507**	95,590
Interest on loans receivable *(note 4)*	**28,960**	35,936
Loans and interest repaid by borrowers	**(149,516)**	(165,830)
Loan and interest written off *(note 6)*	**(12,586)**	–
Loan and interest disposed *(note below)*	**(24,671)**	–
Exchange realignment	**1,761**	9,686
Impairment loss recognised *(note 6)*	**(4,644)**	(4,673)
At 31 December	**79,902**	176,091

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

	2019	2018
	RMB'000	*RMB'000*
At 1 January	**4,860**	–
Impairment loss recognised *(note 6)*	**4,644**	4,673
Exchange realignment	**151**	187
At 31 December	**9,655**	4,860

Note:

On 15 November 2019, Queen's Finance Limited ("**Queen's Finance**"), an indirect wholly-owned subsidiary of the Company, entered into the deed of assignment with Flexi Credits Limited ("**Flexi Credits**"), an independent third party, pursuant to which the Group disposed of its loans receivables from certain parties (together with interests thereon) to Flexi Credits for an aggregate consideration of HK$28,015,000 which approximates the carrying amounts of such loans receivables.

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

As at 31 December 2019

Loan principal amount *HK$'000*	**Number of borrowers**	**Interest rate per annum**	**Maturity date**	**Security pledged**
16,129	**6**	**13.2% to 31.3%**	**Within 1 year to 20 years**	**Leasehold properties owned by the borrowers**
78,099	**122**	**12.0% to 58.0%**	**Within 1 year to 10 years**	**Nil**
94,228				

As at 31 December 2018

Loan principal amount *HK$'000*	Number of borrowers	Interest rate per annum	Maturity date	Security pledged
123,385	10	16.0% – 31.5%	Within 1 year to 20 years	Leasehold properties owned by the borrowers
71,025	366	12.0% – 58.0%	Within 1 year to 10 years	Nil
194,410				

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

14. TRADE AND BILLS RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade and bills receivables	**104,521**	84,075
Less: allowance for trade and bills receivables	**(6,775)**	(1,911)
	97,746	82,164

The Group's trading terms with its customers 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 (2018: 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 receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the Reporting Period, based on the invoice date, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 30 days	**52,954**	25,859
31 to 60 days	**22,956**	23,502
61 to 90 days	**10,301**	4,025
Over 90 days	**11,535**	28,778
	97,746	82,164

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

	2019	2018
	RMB'000	*RMB'000*
Neither past due nor impaired	**65,212**	50,364
Past due but not impaired		
– 1 to 30 days	**30,547**	15,515
– Over 30 days	**1,987**	16,285
Total	**97,746**	82,164

The Group's trade receivables that were neither past due nor impaired mainly represent sales made to recognised and creditworthy customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. 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 these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Movements of allowance of trade and bill receivables are as follows:

	2019	2018
	RMB'000	*RMB'000*
At 1 January	**1,911**	251
Impairment loss recognised *(note 6)*	**6,775**	1,660
Reversal of impairment *(note 5)*	**(1,911)**	–
At 31 December	**6,775**	1,911

15. TRADE AND BILLS PAYABLES

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

	2019	2018
	RMB'000	*RMB'000*
Within 30 days	**31,880**	34,644
31 to 90 days	**33,886**	18,466
Over 90 days	**38,548**	17,660
	104,314	70,770

The trade payables are interest free and are normally settled on terms of 30 days to 180 days (2018: 30 days to 180 days).

As at 31 December 2019, bills payables amounted to RMB53,633,000 (2018: RMB12,595,000) were secured by the pledged bank deposits of RMB16,906,000 (2018: RMB7,442,000).

MANAGEMENT DISCUSSION AND ANALYSIS

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the manufacture and sale of personal care products, money lending, trading of commodities, securities investment, properties holding, investment holding and the provision of food and beverage services.

During the year, the Group discontinued its operation of online platform.

BUSINESS REVIEW

Continuing Operations:

Personal Care Products

During the Reporting Period, the Group's business segment of personal care products contributed a total revenue of approximately RMB524.5 million, representing an increase of about 32.4% over the same period of last year (31 December 2018: RMB396.1 million). The personal care products business recorded a loss of approximately RMB38.5 million during the Reporting Period, representing a decrease of about 88.6% over the same period of last year (31 December 2018: RMB338.1 million).

The continued loss was primarily due to the slowdown of economy in the People's Republic of China (the "**PRC**") and intensified conflicts in international trade.

The decrease in loss was mainly due to the increase of the revenue of personal care products, no impairment losses on property, plant and equipment was provided during the Reporting Period (31 December 2018: RMB170.7 million), and no recalling fee caused by labelling issue of the products for the Reporting Period (31 December 2018: RMB60.6 million).

Money Lending Business

During the Reporting Period, the Group's business segment of money lending business contributed a total revenue of approximately RMB29.0 million, representing a decrease of about 19.4% over the same period of last year (31 December 2018: RMB35.9 million) and recorded a segment loss of approximately RMB2.7 million during the Reporting Period (31 December 2018: profit of RMB4.7 million).

The loan and interest receivables of approximately RMB12.6 million was written off during the Reporting Period (31 December 2018: Nil).

An impairment loss on loan and interest receivables of approximately RMB4.6 million was provided during the Reporting Period (31 December 2018: RMB4.7 million).

As at 31 December 2019, the Group had outstanding (i) unsecured loan of approximately RMB69.8 million with average effective interest rate of approximately 17.5% per annum and terms ranging from 6 months to 120 months; and (ii) mortgage loan of approximately RMB14.4 million with average effective interest rate of approximately 21.1% per annum and terms ranging from 1 month to 240 months. The mortgage loans granted by the Group were typically secured by mortgages, charge on shares or charge on assets. In the event of default or failure to repay any outstanding amounts by the debtors, the Group has the right to proceed with sale of collaterals.

Trading of Commodities

During the Reporting Period, the Group's business segment of trading of commodities contributed a total revenue of approximately RMB89.6 million to the Group, representing a decrease of about 51.0% over the same period of last year (31 December 2018: RMB182.9 million). The decrease was mainly due to the decrease in sale of electronic products and other electronic components to the electronic product distributors and retailers across the country which contributed approximately RMB89.6 million to the Group (31 December 2018: RMB160.9 million). The Group did not record any revenue from the trading of beverages and trading of other commodities during the Reporting Period (31 December 2018: RMB2.6 million and RMB19.4 million respectively).

During the Reporting Period, the Group's trading of commodities business recorded a loss of approximately RMB22.4 million (31 December 2018: RMB16.6 million).

Securities Investment

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

As at 31 December 2019, the Group had a portfolio of securities investment of approximately RMB32.6 million and all of which were equity securities listed in Hong Kong and unlisted investment fund. During the Reporting Period, the Group recorded a net unrealised loss of approximately RMB55.6 million and a net realised loss of approximately RMB4.2 million (31 December 2018: RMB74.9 million and RMB3.5 million respectively).

Details of the investments performance during the Reporting Period in respect of equity securities listed in Hong Kong and the unlisted fund held by the Group are as follows:

Name of the investments	% to the total assets of the Group as at 1 January 2019	% to the interest in the respective investments as at 1 January 2019	Fair value as at 1 January 2019	Movement for the year: Disposal	Movement for the year: Change on fair value	Movement for the year: Exchange on realignment	Fair value as at 31 December 2019	% to the total assets of the Group as at 31 December 2019	% to the interest in the respective investments as at 31 December 2019	Realised gain/(loss) investments
	%	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Listed securities										
International Entertainment Corporation (1009)	0.92	0.97	11,683	–	(5,042)	136	6,777	0.62	0.92	–
LEAP Holdings Group Limited (1499)	1.61	1.48	20,531	(10,898)	(9,710)	77	–	–	–	(5,174)
Singasia Holdings Limited (8293)	0.83	0.15	10,625	(8,649)	(2,015)	39	–	–	–	4,976
Champion Technology Holdings Limited (92)	0.28	2.41	3,623	(2,982)	(655)	14	–	–	–	(2,927)
Dingyi Group Investment Limited (508)	0.28	0.10	3,566	(2,693)	(886)	13	–	–	–	(1,327)
Gain Plus Holdings Limited (9900)	0.07	0.34	897	(878)	546	11	576	0.05	0.34	238
			50,925	(26,100)	(17,762)	290	7,353			(4,214)
Unlisted fund										
Head and shoulders Global investment Fund SFC	4.90	N/A	62,442	–	(37,813)	582	25,211	2.30	N/A	N/A
Total			113,367	(26,100)	(55,575)	872	32,564			(4,214)

The Group will continue to be cautious in making new investments and trading of financial assets under current market conditions and economic fluctuation and aims to maintain and grow its portfolio value in future.

Properties Holding

The Group's business segment of properties holding business contributed a total revenue of approximately RMB0.8 million to the Group, representing a decrease of about 83.8% over the same period of last year (31 December 2018: RMB4.8 million) and recorded a segment loss of approximately RMB31.7 million during the Reporting Period (31 December 2018: RMB34.3 million).

An impairment loss on properties for development of approximately RMB26.5 million was provided during the Reporting Period (31 December 2018: RMB20.2 million).

The loss in change in fair value of investment properties of approximately RMB6.1 million was recorded during the Reporting Period (31 December 2018: RMB16.4 million).

The Group currently holds lands and properties located in Yuen Long, Hong Kong and an industrial property located at Cheung Sha Wan, Hong Kong. Relevant applications have been made to the Hong Kong Government in relation to the redevelopment of the land in Yuen Long. During the Reporting Period, the Company received reply letters from Hong Kong Lands Department requesting for additional information relating to the rebuilding application of Yuen Long properties. The Company is currently in the process of addressing the said reply letters.

Provision of Food and Beverage Services

The Group's provision of food and beverage service business has recorded steady growth since its acquisition of Real Power International Group Limited in March 2019 and China Cold Chain Co. Limited in June 2019.

During the Reporting Period, the Group's business segment of provision of food and beverage services business contributed a total revenue of approximately RMB186.4 million to the Group (31 December 2018: Nil).

The provision of food and beverage services business recorded a segment profit of approximately RMB5.7 million during the Reporting Period (31 December 2018: Nil).

Discontinued Operations:

Operation of Online Platform

During the Reporting Period, the Group's business segment of operation of online platform contributed a total revenue of approximately RMB6.6 million to the Group, representing a decrease of about 42.3% over the same period of last year (31 December 2018: RMB11.5 million) and recorded a profit of approximately RMB6.6 million, representing a decrease of about 18.6% over the same period of last year (31 December 2018: RMB8.1 million).

On 23 August 2019, the Company entered into a disposal agreement with Billionaire Asia Limited, an independent third party to dispose of 51% of the issued shares in Marvel Paramount Holdings Limited ("**Marvel**") for an aggregate cash consideration of HK$40,000,000. Marvel is a company incorporated in the British Virgin Islands with limited liability. Marvel owns the entire equity interest in MyBB Media Limited, a company incorporated in Hong Kong with limited liability. Marvel and MyBB Media Company Limited (the "**Disposal Group**") is principally engaged in operation of online platform.

The said transaction was completed on 8 October 2019. Upon completion, each member of the Disposal Group ceased to be a subsidiary of the Company and the financial results of the Disposal Group would no longer be consolidated into the Company's consolidated financial statements. The Group discontinued its operation of online platform following the completion of the disposal.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group's continuing operation was approximately RMB830.2 million, representing an increase of about 34.0% over the same period of last year (for the year ended 31 December 2018: RMB619.7 million).

During the Reporting Period, the revenue of the Group's discontinued operations was approximately RMB6.6 million, representing a decrease of about 42.3% over the same period of last year (for the year ended 31 December 2018: RMB11.5 million).

Gross Profit/Loss and Gross Profit/Loss Margin

Gross profit of the Group's continuing operation for the Reporting Period was approximately RMB127.5 million, representing an increase of about 50.6% as compared with RMB84.6 million for the year ended 31 December 2018.

During the Reporting Period, the gross profit margin of continuing operation increased by around 1.7 percentage points over the same period of last year to about 15.4% (for the year ended 31 December 2018: 13.7%).

The total gross profit for personal care products business was about RMB93.6 million for the Reporting Period, representing an increase of about 68.2% as compared with RMB55.7 million of the year ended 31 December 2018. Gross profit margin increased to about 17.9%, representing an increase of about 3.8 percentage points compared with the same period of last year (for the year ended 31 December 2018: 14.1%).

The gross profit for money lending business for the Reporting Period was about RMB29.0 million (for the year ended 31 December 2018: RMB35.9 million).

The gross loss of trading of commodities business for the Reporting Period was about RMB21.4 million (31 December 2018: RMB11.7 million) and the gross loss margin was about 23.9% (31 December 2018: 6.4%).The gross loss was mainly due to the sale of electronic products and other electronic components.

The gross profit for properties holding business for the Reporting Period was about RMB0.8 million (for the year ended 31 December 2018: RMB4.8 million).

The gross profit for the provision of food and beverage services business for the Reporting Period was about RMB25.5 million (31 December 2018: Nil). Gross profit margin for the provision of food and beverage was 13.7% (31 December 2018: Nil).

Selling and Distribution Expenses

Selling and distribution expenses of the continuing operations primarily consisted of advertising expenses, marketing and promotion expenses, transportation costs and other expenses. Selling and distribution expenses amounted to approximately RMB67.5 million for the Reporting Period, representing an increase of about 1.9% as compared with approximately RMB66.2 million for the year ended 31 December 2018.

The selling and distribution expenses of the continuing operations accounted for about 8.1% of the revenue during the Reporting Period (for the year ended 31 December 2018: 10.7%), among which, advertising and promotion expenses, as a percentage of revenue, decreased from 4.8% for the year ended 31 December 2018 to about 1.8% for the year ended 31 December 2019, representing a decrease of about 3.0 percentage points. The transportation expenses and other expenses, as a percentage of revenue, decreased about 0.6 percentage points to about 3.7% for the Reporting Period as compared with the same period of 2018 (for the year ended 31 December 2018: 4.3%).

Administrative Expenses

Administrative expenses primarily consisted of salaries and wages for administrative staff, depreciation, share option expenses and other expenses.

Administrative expenses of the Group's continuing operations amounted to approximately RMB124.1 million for the Reporting Period (for the year ended 31 December 2018: RMB132.8 million), representing a decrease of about 6.5% over the same period of last year. Administrative expenses accounted for about 14.9% of the Group's revenue for the Reporting Period (for the year ended 31 December 2018: 21.4%). The administrative expenses decreased mainly due to the disposed of several subsidiaries resulting in decrease in the salaries and wages for administrative staff and the general administrative expenses.

Finance Costs

The Group's continuing operations had finance costs of approximately RMB4.8 million for the Reporting Period (for the year ended 31 December 2018: RMB11.2 million).

No finance costs of the Group's discontinued operations was recorded for the Reporting Period (31 December 2018: Nil).

Acquisition of subsidiaries

On 1 March 2019, the Company as purchaser, and Pine Victory Limited ("**Pine Victory**"), a company incorporated in Hong Kong with limited liability, as vendor, entered into a sales and purchase agreement pursuant to which Pine Victory has conditionally agreed to sell and the Company has conditionally agreed to acquire the remaining 80% of the entire issued share capital of Real Power International Group Limited ("**Real Power**").

Real Power was incorporated in the British Virgin Islands with limited liability on 1 November 2018 and is an investment holding company. Real Power is interested in the entire issued share capital of Advance Global Food Limited ("**Advance Global**"), a company incorporated in Hong Kong with limited liability on 9 June 2017, and is primarily engaged in the trading of agriculture products in Hong Kong, i.e. frozen meats. The major products are frozen beef, pork and chicken related products.

Prior to completion of the said acquisition, the Company was interested in 20% of the entire issued share capital of Real Power. The sale and purchase agreement was completed on 29 May 2019. The consideration of the said acquisition was HK$42,000,000, of which HK$22,000,000 was paid in cash and HK$20,000,000 was settled by the Company allotting and issuing 200,000,000 consideration shares at the issue price of HK$0.10 each. Following completion, Real Power and its subsidiaries become wholly-owned subsidiaries of the Company. For details of the said acquisition, please refer the announcements dated 1 March 2019, 29 May 2019 and circular dated 30 April 2019 made by the Company.

On 4 June 2019, Powerful Force Limited ("**Powerful Force**"), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company as purchaser, and the independent third parties, as vendors, entered into a sale and purchase agreement.

Pursuant to the sales and purchase agreement, the vendors have agreed to sell and Powerful Force has agreed to acquire the entire issued share capital of China Cold Chain Co. Limited ("**China Cold Chain**"). China Cold Chain is principally engaged in the provision of frozen warehouse services. The sale and purchase agreement was completed on 4 June 2019. The consideration of the said acquisition was HK$800,000, which was paid in cash.

Disposal of Subsidiaries

On 27 February 2019, the Company, as borrower, and Frankinton Technology Limited ("**Frankinton Technology**"), as lender, entered into a facility agreement pursuant to which Frankinton Technology has agreed to grant a term loan facility of HK$100 million to the Company.

On 10 July 2019, the Company as vendor, and Frankinton Technology as purchaser entered into a disposal agreement in relation to the disposal of the entire issued share capital in Golden Virtue Investment Holdings Limited (the "**Golden Virtue**") for a total consideration of HK$125 million.

The consideration would be satisfied on the completion date as (i) an amount equivalent to the outstanding loan to be offset on a dollar-for-dollar basis; and (ii) the balance upon the offset to be paid by Frankinton Technology in cash to the Company.

Golden Virtue is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company. The principal business of Golden Virtue is investment holding. Golden Virtue indirectly hold Frog Prince (China) Daily Chemicals Co., Limited 青蛙王子(中國)日化有限公司, a properties holding company incorporated in the PRC with limited liability.

The transaction was completed on 14 October 2019. Loan and interest payable of approximately HK$83.5 million had been offset to the consideration and the balance of HK$41.5 million was paid by Frankinton Technology in cash to the Company. Golden Virtue and it's subsidiaries ceased to be subsidiaries of the Company and their financial result would no longer be consolidated into the Company's consolidated financial statements.

On 23 August 2019, the Company entered into a disposal agreement with Billionaire Asia Limited, an independent third party to dispose of 51% of the issued shares in Marvel Paramount Holdings Limited ("**Marvel**") for an aggregate cash consideration of HK$40,000,000. Marvel is a company incorporated in the British Virgin Islands with limited liability. Marvel owns the entire equity interest in MyBB Media Limited, a company incorporated in Hong Kong with limited liability. Marvel and MyBB Media Company Limited (the "**Disposal Group**") is principally engaged in operation of online platform.

The transaction was completed on 8 October 2019. Upon completion, each member of the Disposal Group ceased to be a subsidiary of the Company and the financial results of the Disposal Group would no longer be consolidated into the Company's consolidated financial statements.

Net Loss and Net Loss Margin

For the Reporting Period, loss attributable to equity holders of the Company amounted to approximately RMB48.4 million as compared with loss attributable to equity holders of the Company of RMB431.4 million for the year ended 31 December 2018. The net loss margin was about 5.8% as compared with 68.3% of net loss margin for the year ended 31 December 2018, with basic loss per share of approximately RMB3.0 cents (basic loss per share for the year ended 31 December 2018: RMB33.8 cents).

Basic loss per share attributable to equity holders of the Company from continuing operations amounted to approximately RMB4.6 cents, as compared to basic loss per share attributable to equity holders of the Company from continuing operations amounted to approximately RMB34.1 cents over the same period in 2018.

The decrease in net loss was mainly due to increase in the revenue of Group's business segment of personal care products and the decrease of the Group's provision for impairment losses of several assets. During the Reporting Period, the Group made provisions for impairment losses of property, plant and equipment, goodwill and properties for development of Nil, RMB2.8 million and RMB26.5 million respectively (for the year ended 31 December 2018: RMB170.7 million, RMB31.2 million and RMB20.2 million respectively).

Loss on change in fair value of investment properties of approximately RMB6.1 million was recorded by the Group during the Reporting Period (RMB16.4 million for the year ended 31 December 2018). In addition, no recalling fee caused by labelling issue of personal care products for the Reporting Period (31 December 2018: RMB60.6 million). Furthermore, disposal of several subsidiaries, result in decrease in the general administrative expenses of the Group.

Capital Expenditure

For the Reporting Period, the Group's material capital expenditure amounted to approximately RMB21.7 million (for the year ended 31 December 2018: RMB11.0 million), and was mainly used for renovation of plants, offices, and consolidation work of plants and warehouse and acquisition of new equipment (for the year ended 31 December 2018: renovation of plants, offices and consolidation work of plant and acquisition of new equipment).

Financial Resources and Liquidity

As at 31 December 2019, cash and cash equivalents of the Group amounted to approximately RMB414.1 million (31 December 2018: RMB218.9 million). The current ratio was 2.8 (31 December 2018: 1.4). Our liquidity remained healthy. The uses of balance of cash and cash equivalents were mainly as follows: firstly, developing the provision of food and beverage services business. Secondly, developing the money lending business, including but not limited to participation of financial leasing business in the PRC and developing lending business in oversea markets. Thirdly, pursuing of the potential acquisition and other investment.

Fund raising activity of the Group during the past twelve months

Fundraising Activities of the Group

On 18 June 2019, the Company entered into the placing agreement with Merdeka Capital Limited ("**Merdeka Capital**") pursuant to which Merdeka Capital has 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 220,000,000 placing shares at the placing price of HK$0.136 per placing share. Completion of the said placing took place on 15 July 2019 and 220,000,000 placing shares were placed to not less than six placees at the placing price of HK$0.136 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$29.3 million, which was fully utilised as for the purchase of inventories, namely frozen pork, beef and chicken related products, in connection with the Group's food and beverage services business and the balance to be utilised as intended. Details of the said placing are set out in the Company's announcements dated 18 June 2019 and 15 July 2019.

Trade and Bills Receivables

As at 31 December 2019, the Group's trade and bills receivables were approximately RMB97.7 million (31 December 2018: approximately RMB82.2 million). The Group usually grants a credit period of 30 to 180 days to our customers. A provision for impairment loss of trade and bills receivable of approximately RMB6.8 million was practiced during the Reporting Period (31 December 2018: RMB1.7 million). An reversal of impairment of trade and bill receivable of approximately RMB1.9 million was reversal during the Reporting Period (31 December 2018: Nil).

Loan and Interest Receivables

As at 31 December 2019, the Group's loan and interest receivables were approximately RMB79.9 million (31 December 2018: RMB176.1 million). During the year, the Group had provided loans of approximately RMB64.5 million (2018: RMB95.6 million), with an average annual interest rate of approximately 21.2% (31 December 2018: 30.2%).

Written off of the loan and interest receivables was approximately RMB12.6 million during the Reporting Period (31 December 2018: Nil).

A provision for impairment loss on loan and interest receivables of approximately RMB4.6 million was made during the Reporting Period (31 December 2018: RMB4.7 million).

Trade and Bills Payables

As at 31 December 2019, trade and bills payables were approximately RMB104.3 million (31 December 2018: approximately RMB70.8 million). The Group settled its payables within one to six months in general and kept good payment records.

Inventories

As at 31 December 2019, inventories of the Group were approximately RMB40.8 million (31 December 2018: approximately RMB102.2 million). As at 31 December 2019, the inventory balance decreased by about 60.1% over the same period of 2018.

The substantial decrease in inventories level was mainly due to the decrease in the sale of electronic products and other electronic components business of the Group.

Gearing Ratio

As at 31 December 2019, current assets and total assets of the Group were approximately RMB756.9 million, and RMB1,096.4 million respectively, the current liabilities and total liabilities of the Group were approximately RMB274.8 million and RMB307.0 million respectively. The gearing ratio (total liabilities/total assets) of the Group was approximately 28.0% (31 December 2018: 33.6%).

Bank and Other Borrowings

As at 31 December 2019,

(i) No banking facilities were provided to the Group by banks in the PRC that were secured by a guarantee from suppliers in the PRC (31 December 2018: RMB55.0 million).

(ii) the Group had other secured borrowings of approximately RMB87.0 million (31 December 2018: RMB98.8 million).

(iii) the Group had other unsecured borrowings of approximately RMB10.0 million (31 December 2018: RMB20.0 million).

Pledge of Assets

As at 31 December 2019,

(i) the Group had pledged deposits of RMB16.9 million (31 December 2018: RMB7.4 million) for bills payable (31 December 2018: short-term bank borrowings and bills payable).

(ii) investment property of RMB80.5 million (31 December 2018: RMB83.4 million) was pledged for other borrowings.

(iii) certain shares of subsidiaries have been pledged for other borrowing (31 December 2018: certain shares of subsidiaries have been pledged for other borrowing).

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 has no significant exposure to foreign currency risk because most of the Group's transactions are denominated in Renminbi. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

As at 31 December 2019, the Group had no material contingent liabilities.

OUTLOOK

The Group will continue to strengthen, develop and diversify its business portfolio and to further establish a sustainable investment portfolio. In light of the slowdown of the economy in the PRC, the intensified conflicts in international trade and volatility in the stock markets, the Group will continue to adopt a prudent approach for the development of its businesses, including personal care business, money lending business, trading of commodities, securities investment, properties holding and investment holding and provision of food and beverage services.

Following completion of the acquisition of food and beverage services business, the Group had recorded steady growth in the financial performance of this business segment. Despite the outbreak of the coronavirus since early 2020, the Directors considers that the prospect of the food and beverage service industry in Hong Kong to remain promising in the medium to long term. The Group also has a strong customer network, which mainly comprises of reputable branded chain-stores, hotel restaurants and supermarkets in Hong Kong. The Group is also seeking further investment, opportunity of the provision of food and beverage services, including but not limited to purchasing its own inventory storage if suitable opportunity arise and may further seek to form cooperation with reliable logistic specialist in order to lower inventory and transportation costs.

The Group is actively developing its provision of frozen warehouse services which forms part of the food and beverage services business. During the Reporting Period, the Group, as tenant, had entered into the tenancy agreement with ATL Logistics Centre Hong Kong Limited, in relation to the lease of certain portion of a multi-storeyed container freight station located at Kwai Chung. The Group is developing its own frozen warehouse at the said premise. As at 31 December 2019, the frozen warehouse is still under development.

The Group's money lending business has gradually expanded over time. The Group is currently exploring potential opportunities to expand its money lending business through participation of financial leasing business in the PRC. The Group is also seeking an opportunity to developing the money lending business, including but not limited to developing lending business in the oversea markets.

Taking into account the volatile global economy and weak demand from customers, the Company anticipates that the operating environment for the Group's trading of commodities business will remain challenging. Hence, the Group will continue to adopt stringent cost control measures for this business segment.

The Group currently holds lands and properties located in Yuen Long, Hong Kong and an industrial property located at Cheung Sha Wan, Hong Kong. The Group is optimistic about the development of property market in Hong Kong due to shortage in supply of land and therefore, has been identifying the potential property investment and development opportunities in Hong Kong. The Company plans to demolish the properties erected on the parcels of lands in Yuen Long, Hong Kong held by the Group and to redevelop such parcels of land. Relevant applications have been made to the Hong Kong Government in relation to the redevelopment of the said parcels of lands. To the best knowledge, information and belief of the directors of the Company, there is no legal impediment in obtaining the relevant approval from the Hong Kong Government.

During the Reporting Period, the Company received reply letters from Hong Kong Lands Department requesting for additional information relating to the rebuilding application of Yuen Long properties. The Company is currently in the process of addressing the said reply letters. The Group is also seeking an opportunity to development it property holding business, including but not limit to Hong Kong, PRC or other oversea markets.

During the Reporting Period, the Group had acquired 10% of the issued shares in each of Goldenway Investments (HK) Limited ("**GWIHK**") and Goldenway Asset Management Limited ("**GWAM**"). On 23 January 2020, the Group had entered into an acquisition agreement to acquire the remaining 90% of the issued shares in each of GWIHK and GWAM (the "**Acquisition**").

The Board considers that the Acquisition would enable the Group to diversify its existing business. Upon completion, the Group would be able to attain the relevant SFC licenses to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO in Hong Kong, which could create a synergy effect and complement the growth of the Group existing money lending and investment in securities businesses. The Group is expected to take advantage of the future growth in capital markets and to broaden the Group's revenue base.

On 20 March 2020, the Group had entered into the sale and purchase agreement to acquire 60% of the issued shares in Ayasa Globo Financial Services (BVI) Limited ("**Ayasa Globo BVI**"), a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding.

Ayasa Globo BVI holds the entire issued shares in Ayasa Globo Financial Services Limited ("**Ayasa Globo**") which is principally engaged in the provision of professional services such as fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, trust and fiduciary services. Completion of the acquisition of 60% equity interest in the Ayasa Globo BVI has not taken place up to the date of the approval of these consolidated financial statements.

The Board considers that the acquisition would enable the Group to diversify its existing businesses into the financial services industry as well as broaden the Group's revenue base and enhance the Group's financial performance.

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

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the Shareholders at the extraordinary general meeting of the Company held on 30 April 2019 and upon obtaining the Certificate of Incorporation on Change of Name issued by the Registrar of Companies in the Cayman Islands, the English name of the Company was changed from "China Child Care Corporation Limited" to "Future Development Holdings Limited" and the Chinese name "未來發展控股有限公司" was adopted as the secondary name of the Company in place of the Chinese name "中國兒童護理有限公司", both with effect from 2 May 2019.

Pursuant to a special resolution passed by the Shareholders at the extraordinary general meeting of the Company held on 6 September 2019 and upon obtaining the Certificate of Incorporation on Change of Name issued by the Registrar of Companies in the Cayman Islands, the English name of the Company was changed from "Future Development Holdings Limited" to "Prosperous Future Holdings Limited" and the Chinese name "未來發展控股有限公司" remained unchanged with effect from 11 September 2019.

EMPLOYEES AND REMUNERATION

As at 31 December 2019, the Group employed 861 employees (as at 31 December 2018: 921 employees).

In addition to basic salaries, year-end bonuses may be rewarded by the Group to those staff members with outstanding performance. Constituent companies of the Group established in Mainland China 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, constituent companies of the Group established in Mainland China are required to pay on behalf of their employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and other relevant insurance.

In addition, a share option scheme was adopted by the Company in June 2011 and the limit of the share option scheme was refreshed in June 2017 to reward staff members who make contributions to the success of the Group. The directors of the Company 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 dividend in respect of the year ended 31 December 2019 (31 December 2018: Nil).

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed the Group's audited financial results for the year ended 31 December 2019 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 THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLIC FLOAT

Based on the 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 issued Shares in the public hands) 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 as contained in Appendix 14 of the Listing Rules during the year ended 31 December 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. In response to the specific enquiries made by the Company, all Directors have confirmed that they have fully complied with the Model Code throughout the period during the Reporting Period. No incident of non-compliance in this regard was noted by the Company for the said period.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The following events took place subsequent to the end of the Reporting Period.

GWIHK and GWAM was a 10% equity-owned associates of the Group as at 31 December 2019. On 23 January 2020, Bloom Team Development Limited, an indirect wholly-owned subsidiary of the Company, entered into another agreement with the independent third party to acquire the remaining 90% of the issued shares in each of GWIHK and GWAM at the consideration of HK$26,418,000 and HK$1,550,000 respectively. Completion of the acquisition of 90% equity in GWIHK and GWAM has not taken place up to the date of approval of these consolidated financial statement. Detail of the acquisition is set out in the Company's announcement dated 23 January 2020.

On 20 March 2020, Pursuing Future Limited ("**Pursuing Future**"), a company incorporated in the British Virgin Islands (the "**BVI**") with limited liability and a wholly-owned subsidiary of the Company as purchaser, and AG Holding Group Limited ("**AG Holding**"), a company incorporated in BVI with limited liability as vendor and Yum Edward Liang Hsien as founder entered into the sale and purchase agreement pursuant to which AG Holding has agreed to sell and Pursuing Future has agreed to acquire 60% of the issued shares in Ayasa Globo BVI at the total consideration of HK$42,000,000. Completion of the acquisition of 60% equity interest in the Ayasa Globo BVI has not taken place up to the date of the approval of these consolidated financial statements.

Ayasa Globo BVI holds the entire issued shares in Ayasa Globo. Ayasa Globo is principally engaged in the provision of professional services such as fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, trust and fiduciary services. Ayasa Globo in turn holds the entire issued share capital of Ayasa Globo Financial Services Pte. Ltd. ("**Singapore Company**"), a company incorporated in Singapore with limited liability. Singapore Company is principally engaged in the provision of business and consultancy management and consultancy services. Detail of the acquisition is set out in the Company's announcement dated 20 March 2020.

Since early 2020, the pandemic of Coronavirus Disease 2019 (the "**COVID-19 outbreak**") has spread across China and other countries and it has affected the business and economic activities of the Group to some extent. The overall financial effect of the above cannot be reliably estimated as at the date of approval of these consolidated financial statements. The Group will closely follow up the development of the COVID-19 outbreak and continue to evaluate its impact on the business of the Group and the Group's the financial position and operation results.

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 2019 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 DESPATCH OF ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.fd-holdings.com) and the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The Company's annual report for the year ended 31 December 2019, containing all the information required by the Listing Rules, will be despatched to the Shareholders and available on the above websites in due course.

By order of the Board
Prosperous Future Holdings Limited
Tsai Wallen
Chairman and Executive Director

Hong Kong, 27 March 2020

As at the date of this announcement, the Board comprises (i) three executive directors, namely Mr. Tsai Wallen, Mr. Lau Ka Ho and Mr. Chan Hoi Tik; (ii) one non-executive director, namely Mr. Li Zhouxin; and (iii) three independent non-executive directors, namely Ms. Chan Sze Man, Mr. Ma Kwun Yung Stephen and Ms. Bu Yanan.