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天禧海嘉控股集團有限公司

SKY CHINA FORTUNE HOLDINGS GROUP LIMITED

LISTED ON THE STOCK EXCHANGE OF HONG KONG (STOCK CODE: 141)

(Incorporated in Hong Kong with limited liability)

QUARTERLY UPDATE ON RESUMPTION PROGRESS AND PROFIT WARNING

This announcement is made by Sky Chinafortune Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 5 October 2021 and 30 November 2021 (the “**Announcements**”) in relation to, among other things, the guidance for the resumption of trading in the Shares set by the Stock Exchange (the “**Resumption Guidance**”) and the quarterly update on the resumption progress, respectively. Unless otherwise specified, capitalised terms used in this announcement have the same meanings as defined in the Announcements.

Since the publication of the Announcements, the Company continued to work on the resumption of trading in the Shares and has been communicating with professional advisers of the Group to examine and consider different alternatives available to the Company in preparing a feasible resumption proposal to address matters set out in the Resumption Guidance. Further announcement(s) in relation to material developments of the Group will be made as and when appropriate pursuant to the applicable Listing Rules.

BUSINESS OPERATIONS

The Company is an investment holding company and its subsidiaries are principally engaged in (i) investment property business; (ii) trading of properties; (iii) property related services business; and (iv) retail business in the PRC.

The Board remains committed to improving the long-term financial performance and business operations of the Group over time with a view to fulfil the requirements set out in the Resumption Guidance.

In this connection, the Board shall continue to review and, where necessary, modify its business strategies, which currently comprise of, among others, (i) streamlining the existing cost structures of the Group's different business lines to improve overall business and cost efficiencies; (ii) based on the evaluation outcome of the ongoing and expected financial performance of each of its retail stores, the Board shall, where considered appropriate, modify, downscale or cease the operations of relevant retail stores with an aim to reduce losses from the retail business; and (iii) in relation to the Resumption Guidance, the Company is exploring different means to satisfy the resumption conditions, including, among others, adoption of measures to improve and strengthen the business capabilities of the Group as well as seeking potential new business opportunities with a view to broaden its income base, enhance its long-term growth potential and further improve the overall financial performance of the Group.

As at the date of this announcement, no definitive agreement in relation to any acquisition and/or disposal which constitutes a notifiable transaction has been entered into by the Company, and the aforesaid strategies may or may not lead to any notifiable transactions, and there is no certainty that any definitive agreement will be reached. The Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

PROFIT WARNING

The Board would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the consolidated management accounts of the Group for the year ended 31 December 2021, the Group is expected to record an unaudited consolidated net loss attributable to equity shareholders of the Company for the year ended 31 December 2021 in the range of approximately HK\$38 million to HK\$45 million as compared to the consolidated net loss attributable to equity shareholders of the Company of approximately HK\$3.5 million for the year ended 31 December 2020.

The estimated increase in the consolidated net loss attributable to equity shareholders of the Company for the year ended 31 December 2021 was primarily attributable to, among others, (i) the intensified price competition and challenging business environment in the PRC which has adversely affected the results attributable to the retail business of the Group; (ii) the impairment loss on the assets in relation to the retail business of the

Group principally due to the losses recorded and expected to arise from the continued operations of the retail business; (iii) the impact from the ongoing development and knock-on effects of the coronavirus outbreak; and (iv) the assessment on the net valuation loss on investment properties.

As at the date of this announcement, the Group is still in the course of preparing and finalising its audited financial results for the year ended 31 December 2021. The information contained in this announcement is solely based on the preliminary assessment by the Board with reference to information currently available, including the unaudited consolidated management accounts of the Group for the year ended 31 December 2021, which has not been reviewed by the audit committee of the Company and has not been audited by the auditors of the Company. As such, the actual financial results of the Group for the said period may be subject to adjustments and may be different from the information disclosed in this announcement.

Further details of the Group's financial results and performance will be disclosed in the annual results announcement of the Company for the year ended 31 December 2021, which is expected to be published in March 2022.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Thursday, 2 September 2021 and will remain suspended until the Company fulfils the Resumption Guidance.

The Company will publish further announcement(s) to keep its Shareholders and potential investors informed of the latest progress as and when appropriate and will announce quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing with the Shares.

On behalf of the Board
Sky Chinafortune Holdings Group Limited
Mr. JIANG Tian
Chairman of the Board

Hong Kong, 28 February 2022

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. JIANG Tian, Ms. HOU Yingxuan, Mr. GONG Biao and Ms. JIANG Jiabao; one non-executive Director, namely, Mr. CHAI Yuet; and three independent non-executive Directors, namely, Mr. HU Jianxing, Mr. TSEUNG Yuk Hei Kenneth and Mr. JI Qing.