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天禧海嘉控股集團有限公司

SKY CHINAFORTUNE HOLDINGS GROUP LIMITED

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

(Incorporated in Hong Kong with limited liability)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Sky Chinafortune Holdings Group Limited (the “**Company**”) announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Year**”) together with the corresponding comparative figures of last year. The Group’s audited consolidated financial statements for the Year have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

(Expressed in Hong Kong dollars (“HK\$”))

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	2	31,713	48,729
Cost of sales		<u>(7,694)</u>	<u>(21,862)</u>
Gross profit		24,019	26,867
Other income	4	2,295	869
Administrative expenses		(23,307)	(28,930)
Selling and distribution expenses		(2,566)	(16,954)
Other operating expenses	7	—	(14,159)
Provision for expected credit loss allowance for financial assets		(1,123)	—
Net valuation loss on investment properties	10	<u>(66,513)</u>	<u>(5,501)</u>
Loss from operations		(67,195)	(37,808)
Finance costs	5(a)	<u>(54)</u>	<u>(1,229)</u>
Loss before taxation	5(c)	(67,249)	(39,037)
Income tax	6	<u>8,114</u>	<u>(2,117)</u>
Loss for the year		<u>(59,135)</u>	<u>(41,154)</u>
Loss for the year attributable to			
— Equity shareholders of the Company		(58,893)	(39,177)
— Non-controlling interests		<u>(242)</u>	<u>(1,977)</u>
Loss for the year		<u>(59,135)</u>	<u>(41,154)</u>
Loss per share	8		
— Basic and diluted (<i>HK cents</i>)		<u>(17.05)</u>	<u>(11.34)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

(Expressed in HK\$)

	2022 HK\$'000	2021 HK\$'000
Loss for the year	<u>(59,135)</u>	<u>(41,154)</u>
Other comprehensive income for the year (after tax and reclassification adjustments)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
— Exchange difference arising from translation of financial statements of operations in foreign jurisdictions	(44,604)	15,392
<i>Item that will not be reclassified to profit or loss:</i>		
— Surplus on revaluation of properties	<u>101</u>	<u>—</u>
Other comprehensive income for the year	<u>(44,503)</u>	<u>15,392</u>
Total comprehensive income for the year	<u>(103,638)</u>	<u>(25,762)</u>
Attributable to:		
— Equity shareholders of the Company	(103,437)	(23,791)
— Non-controlling interests	<u>(201)</u>	<u>(1,971)</u>
Total comprehensive income for the year	<u>(103,638)</u>	<u>(25,762)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

(Expressed in HK\$)

	Note	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Investment properties	10	508,412	617,010
Property, plant and equipment		633	6,544
Right-of-use assets		241	2,499
Intangible assets		—	51
Trademarks		93	115
Trade and other receivables, prepayments and deposits	11	14,409	13,159
		<u>523,788</u>	<u>639,378</u>
Current assets			
Properties held for sale		1,202	1,302
Inventories		4,649	8,513
Trade and other receivables, prepayments and deposits	11	18,837	3,786
Bank deposits maturity over three months		3,015	—
Short-term bank deposits		31,663	49,565
Bank balances and cash		13,372	21,130
		<u>72,738</u>	<u>84,296</u>
Current liabilities			
Trade and other payables and accrued expenses	12	25,837	29,935
Rental deposits received		1	59
Lease liabilities		246	2,359
Tax payable		368	9
		<u>26,452</u>	<u>32,362</u>
Net current assets		<u>46,286</u>	<u>51,934</u>
Total assets less current liabilities		<u>570,074</u>	<u>691,312</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2022**(Expressed in HK\$)*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities		
Rental deposits received	4,363	4,896
Lease liabilities	—	856
Deferred tax liabilities	74,725	90,936
	<u>79,088</u>	<u>96,688</u>
NET ASSETS	<u>490,986</u>	<u>594,624</u>
CAPITAL AND RESERVES		
Share capital	193,246	193,246
Reserves	298,412	401,849
Total equity attributable to equity shareholders of the Company	491,658	595,095
Non-controlling interests	(672)	(471)
TOTAL EQUITY	<u>490,986</u>	<u>594,624</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

(Expressed in HK\$)

	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
	Share capital	Exchange reserve	Statutory reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2021	193,246	96,853	152	329,302	619,553	833	620,386
Loss for the year	—	—	—	(39,177)	(39,177)	(1,977)	(41,154)
Other comprehensive income for the year	—	15,386	—	—	15,386	6	15,392
Total comprehensive income for the year	—	15,386	—	(39,177)	(23,791)	(1,971)	(25,762)
Transfer from retained profits	—	—	65	(65)	—	—	—
Acquisition of additional interests in a subsidiary	—	8	—	(675)	(667)	667	—
At 31 December 2021	193,246	112,247	217	289,385	595,095	(471)	594,624

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2022

(Expressed in HK\$)

	Attributable to equity shareholders of the Company					Total	Non- controlling interests	Total equity
	Share capital	Exchange reserve	Statutory reserve	Property revaluation reserve	Retained profits			
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 January 2022	193,246	112,247	217	—	289,385	595,095	(471)	594,624
Loss for the year	—	—	—	—	(58,893)	(58,893)	(242)	(59,135)
Other comprehensive income for the year								
— Exchange difference arising from translation of financial statements of operations in foreign jurisdictions	—	(44,645)	—	—	—	(44,645)	41	(44,604)
— Surplus on revaluation of properties	—	—	—	101	—	101	—	101
Total comprehensive income for the year	—	(44,645)	—	101	(58,893)	(103,437)	(201)	(103,638)
At 31 December 2022	193,246	67,602	217	101	230,492	491,658	(672)	490,986

NOTES

For the year ended 31 December 2022

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial information relating to the years ended 31 December 2022 and 2021 included in this preliminary announcement of annual results for the year ended 31 December 2022 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The financial statements for the year ended 31 December 2022 have not been but will be delivered to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The independent auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

1.1 Accounting policies

(i) *Changes in accounting policies*

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*
- Amendments to HKFRS 3, *Reference to the Conceptual Framework*
- Annual Improvements to HKFRSs 2018–2020 Cycle

None of these developments have had a material effect on how the Group's result and financial position for the current accounting period have been prepared or presented in these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. REVENUE

An analysis of the Group's revenue is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Rental revenue		
Shops	22,795	23,974
Residential	2,397	2,589
Car parking spaces	587	537
	<u>25,779</u>	<u>27,100</u>
Revenue from contracts with customers within the scope of HKFRS 15		
Retail sales	4,453	17,949
Property related services	1,481	3,680
	<u>31,713</u>	<u>48,729</u>

For the year ended 31 December 2022, revenue from two (2021: one) customer(s) of the Group's property investment in the People's Republic of China (the "PRC") segment amounted to HK\$15,645,000 (2021: HK\$15,605,000) and HK\$3,422,000, which exceeded 10% of the Group's revenue.

The Group leases its properties and at the end of the reporting period, the Group had contracted with tenants for the following future minimum lease receivable under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	25,465	29,695
In the second to fifth year inclusive	80,650	99,626
Over five years	63,407	87,946
	<u>169,522</u>	<u>217,267</u>

Typically leases are negotiated for terms ranging from one to ten (2021: one to ten) years with fixed rentals over the terms of the leases. Certain leases are negotiated with escalating rentals over the terms of the leases.

Revenue from retail sales is recognised at a point in time when our customers take possession of the goods. Revenue from property related services is recognised over time when the related services are rendered. The remaining performance obligation is part of a contract that has an original expected duration of one year or less, therefore, such information is not disclosed as a practical expedient in paragraph 121 of HKFRS 15.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision-maker, for the purpose of resource allocation and assessment of segment performance focuses on the operating divisions of the Group.

The executive directors have identified the following reportable segments for the Group's operating segments. These segments are managed separately as each business offers different products and services and requires different business strategies.

- (1) Property investment — leasing of properties situated in the PRC
- (2) Trading of properties and property related services — sale of properties situated in the PRC including the short-term leasing of properties held for sales and the provision of property related services in the PRC. Due to the ongoing less than desirable financial performance, the Company did not renew the property management agreements to the provision of property related services upon their expiry on 31 May 2022.
- (3) Retail business — sale of Chinese liquor and wine, everyday items and ready-cooked food in the PRC

Having considered the results of the negative impacts resulting from the COVID-19 pandemic and the evaluation of the performance of retail business, the Group closed all the convenience stores and retail food stores during the year ended 31 December 2022. The retail business segment will continue to sell Chinese liquor and wine.

The accounting policies of the reportable segments are the same as the Group's accounting policies. There were no inter-segment sales between different operating segments for the years ended 31 December 2022 and 2021. Segment revenue represents revenue from external customers. Segment profit or loss after tax represents net profit earned or loss incurred by each reportable segment without allocation of income and expenses of the Group's headquarters, corporate income and expenses and unallocated income tax credit.

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than the Group headquarters' corporate assets; and
- all liabilities are allocated to reportable segments other than the Group headquarters' corporate liabilities.

3. SEGMENT INFORMATION (CONTINUED)

Information regarding the above segments is reported below:

Segment revenue and results

	Property investment <i>HK\$'000</i>	Trading of properties and property related services <i>HK\$'000</i>	Retail business <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2022				
Reportable segment revenue	<u>25,756</u>	<u>1,504</u>	<u>4,453</u>	<u>31,713</u>
Reportable segment loss after tax	(40,802)	(269)	(6,635)	(47,706)
Net corporate expenses				(11,381)
Unallocated finance cost				<u>(48)</u>
Loss for the year				<u><u>(59,135)</u></u>
	Property investment <i>HK\$'000</i>	Trading of properties and property related services <i>HK\$'000</i>	Retail business <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2021				
Reportable segment revenue	<u>27,022</u>	<u>3,758</u>	<u>17,949</u>	<u>48,729</u>
Reportable segment profit/(loss) after tax	12,824	336	(38,940)	(25,780)
Net corporate expenses				(15,293)
Unallocated finance cost				(89)
Unallocated tax credit				<u>8</u>
Loss for the year				<u><u>(41,154)</u></u>

3. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	Property investment <i>HK\$'000</i>	Trading of properties and property related services <i>HK\$'000</i>	Retail business <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2022				
Reportable segment assets	546,052	1,225	5,873	553,150
Unallocated corporate assets				<u>43,376</u>
Consolidated total assets				<u><u>596,526</u></u>
Reportable segment liabilities	85,561	15,561	1,360	102,482
Unallocated corporate liabilities				<u>3,058</u>
Consolidated total liabilities				<u><u>105,540</u></u>

	Property investment <i>HK\$'000</i>	Trading of properties and property related services <i>HK\$'000</i>	Retail business <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2021				
Reportable segment assets	636,447	2,944	20,763	660,154
Unallocated corporate assets				<u>63,520</u>
Consolidated total assets				<u><u>723,674</u></u>
Reportable segment liabilities	101,812	17,081	4,880	123,773
Unallocated corporate liabilities				<u>5,277</u>
Consolidated total liabilities				<u><u>129,050</u></u>

Unallocated corporate assets mainly comprised property, plant and equipment and right-of-use assets which are used by the Group's headquarters, trademarks, certain bank deposits with a maturity over three months, bank balances and cash and short-term bank deposits which are held as the general working capital of the Group as a whole and other corporate assets of the Group's headquarters which are not directly attributable to the business activities of any operating segment.

Unallocated corporate liabilities mainly comprised other payables and accrued expenses of the Group as a whole and other corporate liabilities of the Group's headquarters which are not directly attributable to the business activities of any operating segment.

3. SEGMENT INFORMATION (CONTINUED)

Other segment information

	Property investment <i>HK\$'000</i>	Trading of properties and property related services <i>HK\$'000</i>	Retail business <i>HK\$'000</i>	Corporate/ Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended					
31 December 2022					
Additions to property, plant and equipment	6	—	—	10	16
Loss on disposal of intangible assets	—	—	46	—	46
Loss on disposal of property, plant and equipment	—	1	89	1,041	1,131
Amortisation of intangible assets	—	—	2	—	2
Amortisation of trademarks	—	—	—	20	20
Depreciation of property, plant and equipment	62	4	57	694	817
Depreciation of right-of-use assets	—	—	—	1,616	1,616
Expected credit loss allowance for financial assets	710	—	413	—	1,123
Net valuation loss on investment properties	66,513	—	—	—	66,513
Net exchange gain	—	—	—	(1,966)	(1,966)
Bank interest income	(23)	(2)	(7)	(469)	(501)
Income tax (credit)/expense	(8,134)	20	—	—	(8,114)

3. SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

	Property investment <i>HK\$'000</i>	Trading of properties and property related services <i>HK\$'000</i>	Retail business <i>HK\$'000</i>	Corporate/ Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended					
31 December 2021					
Additions to property, plant and equipment	21	—	7,839	725	8,585
Additions to intangible assets	—	—	360	—	360
Amortisation of intangible assets	—	—	204	—	204
Amortisation of trademarks	—	—	—	20	20
Depreciation of property, plant and equipment	83	5	1,901	1,023	3,012
Depreciation of right-of-use assets	—	—	4,861	1,722	6,583
Impairment on property, plant and equipment	—	—	6,664	—	6,664
Impairment on intangible assets	—	—	1,704	—	1,704
Gain on reassessment of lease liabilities	—	—	(865)	—	(865)
Impairment on right-of-use assets	—	—	1,039	—	1,039
Impairment on other receivables and deposits	—	—	2,699	—	2,699
Loss on disposal of property, plant and equipment	—	—	2,217	—	2,217
Loss on disposal of intangible assets	—	—	100	—	100
Net valuation loss on investment properties	5,501	—	—	—	5,501
Net exchange loss	—	—	—	536	536
Bank interest income	(38)	(3)	(50)	(460)	(551)
Income tax expense/(credit)	2,087	31	7	(8)	2,117

Geographical information

As the Group does not have material operations outside the PRC, no geographic segment information is presented.

4. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	501	551
Gain from early termination of leases	488	—
Government subsidies	180	—
Sundry	1,126	318
	<u>2,295</u>	<u>869</u>

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(a) Finance costs		
Interest on lease liabilities	54	1,229
	<u>54</u>	<u>1,229</u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	15,067	21,464
Contributions to defined contribution retirement plans (<i>note</i>)	1,614	2,977
	<u>16,681</u>	<u>24,441</u>

Note:

The Group participates in the Mandatory Provident Fund Scheme (the “MPF Scheme”) established under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) in December 2000 in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee.

For members of the MPF Scheme, both the Group and the employees contribute 5% of the employee’s monthly remunerations or HK\$1,500 (2021: HK\$1,500) per month, whichever is the smaller to the MPF Scheme.

5. LOSS BEFORE TAXATION (CONTINUED)

The employees of the subsidiaries of the Group which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Contributions to the retirement plans vest immediately, there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution for the years ended 31 December 2022 and 2021.

The total cost charged to profit or loss of HK\$1,614,000 (2021: HK\$2,977,000) represents contributions paid/payable to the above retirement benefit schemes, by the Group during the year.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(c) Other items		
Auditor's remuneration	1,580	1,650
Amortisation of trademarks	20	20
Amortisation of intangible assets	2	204
Depreciation		
— Owned property, plant and equipment	817	3,012
— Right-of-use assets	1,616	6,583
Impairment on property, plant and equipment	—	6,664
Impairment on intangible assets	—	1,704
Gain on reassessment of lease liabilities	(15)	(865)
Impairment on right-of-use assets	—	1,039
Loss on disposal of property, plant and equipment	1,131	2,217
Loss on disposal of intangible assets	46	100
Cost of inventories recognised as expenses included in cost of sales	4,820	16,702
Short-term leases charges	804	870
Net exchange (gain)/loss	(1,966)	536
	<u> </u>	<u> </u>
Gross rental income	(25,779)	(27,100)
Less: direct operating expenses	1,794	2,630
	<u> </u>	<u> </u>
Net rental income	<u>(23,985)</u>	<u>(24,470)</u>

6. INCOME TAX

Income tax represents:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax — PRC Enterprise Income Tax	1,350	1,936
Deferred tax	<u>(9,464)</u>	<u>181</u>
Income tax (credit)/expense	<u><u>(8,114)</u></u>	<u><u>2,117</u></u>

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rate regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the “Ordinance”). Under the two-tiered profits tax rate regime, the first HK\$2,000,000 of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Accordingly, the provision for Hong Kong Profits Tax for the years ended 31 December 2022 and 2021 is calculated in accordance with the two-tiered profits tax rate regime. No provision was made for Hong Kong Profits Tax as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2022 and 2021.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the PRC subsidiaries are subject to Enterprise Income Tax of tax rate of 25%.

Enterprise Income Tax arising from certain Hong Kong subsidiaries’ operations in the PRC is calculated at tax rate of 10% (2021: 10%) on the rental income earned by these Hong Kong subsidiaries for the year.

7. IMPAIRMENT OF RETAIL STORES

Having considered the results of the negative impacts resulting from the COVID-19 pandemic and the evaluation of the performance on retail business, the Group closed certain retail stores and retail food stores during the year ended 31 December 2021 and closed down all remaining convenience stores and retail food stores during the year ended 31 December 2022.

The Group has terminated the leases of certain stores in advance during the year ended 31 December 2021 and incurred a penalty of HK\$601,000. The Group intended to exercise the early termination options to terminate the leases of the remaining convenience stores and retail food stores. A gain from reassessment of lease liabilities of HK\$865,000 was recognised during the year ended 31 December 2021 and intangible assets and plant and equipment of HK\$100,000 and HK\$2,217,000 were written off, respectively. For the year ended 31 December 2021, in view of the sustained loss incurred by the convenience stores and retail food stores and the planned closure of these stores, management estimated that the carrying value of the related intangible assets, plant and equipment, right-of-use assets, the carrying amount of each of these CGUs was tested for impairment. As a result of the assessment, the Group fully impaired the related intangible assets of HK\$1,704,000, plant and equipment of HK\$6,664,000, right-of-use assets of HK\$1,039,000, other receivables and deposits of HK\$2,699,000. The aggregate impairment loss of HK\$12,106,000 and other loss from closure of stores, totalled HK\$14,159,000, was recognised as “other operating expenses” in the consolidated statement of profit or loss.

8. LOSS PER SHARE

The calculation of basic loss per share is based on the following loss attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the year.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to equity shareholders of the Company	<u>(58,893)</u>	<u>(39,177)</u>
	Number of shares	
	2022	2021
Weighted average number of ordinary shares in issue during the year	<u>345,374,910</u>	<u>345,374,910</u>

For the years ended 31 December 2022 and 2021, basic and diluted loss per share are equal as there were no potential dilutive ordinary shares in issue.

9. DIVIDENDS

The Board did not recommend the payment of a final dividend for the years ended 31 December 2022 and 2021.

10. INVESTMENT PROPERTIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Fair value		
At 1 January	617,010	606,764
Exchange realignment	(45,812)	15,747
Transfer from investment properties to property, plant and equipment	3,727	—
Changes in fair value of:		
— Investment properties held by the Group	<u>(66,513)</u>	<u>(5,501)</u>
At 31 December	<u>508,412</u>	<u>617,010</u>

The Group's investment properties are measured using the fair value model and are leased to third parties under operating leases to earn rental income.

10. INVESTMENT PROPERTIES (CONTINUED)

Valuation process

During the year, ownership interests in land and buildings held for own use have been transferred to investment properties. Surplus on revaluation and exchange realignment of properties transferred from property, plant and equipment to investment properties are recognised in other comprehensive income in “property revaluation reserve” and “exchange reserve”, respectively.

The Group’s investment properties were revalued as at 31 December 2022 and 2021 by Asset Appraisal Limited, an independent firm of professional surveyors, who have among their staff Members of The Hong Kong Institute of Surveyors with experience in the PRC and category of property being valued.

The Group’s management has reviewed the valuation results performed by the surveyors for financial reporting purposes by verifying all major inputs and assumptions, and assessing the reasonableness of property valuation.

11. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Trade and lease receivables, net (<i>note (a)</i>)	7,592	1,248
Accrued lease receivables (<i>note (b)</i>)	14,436	12,933
Prepayments, deposits and other receivables, net (<i>note (b)</i>)	<u>11,218</u>	<u>2,764</u>
Carrying amount at 31 December	33,246	16,945
Less: Current portion	<u>(18,837)</u>	<u>(3,786)</u>
Non-current portion	<u><u>14,409</u></u>	<u><u>13,159</u></u>

Apart from the balance of non-current portion expected to be recovered or recognised as expense after more than one year, all other trade and other receivables, prepayments and deposits are expected to be recovered or recognised as expense within one year.

(a) Trade and lease receivables

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Trade and lease receivables	8,685	1,248
Less: Loss allowance	<u>(1,093)</u>	<u>—</u>
Trade and lease receivables, net	<u><u>7,592</u></u>	<u><u>1,248</u></u>

The Group primarily offers an average credit period ranging from 0 to 30 days to its retail business customers (2021: 0 to 30 days).

11 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

(a) Trade and lease receivables (Continued)

Lease receivables represent the receivables due for payment from tenants according to the payment schedule stated in the rental agreement. Rents from leasing of investment properties are normally received in advance without credit terms to tenants. Before accepting any new customer, the Group carries out research on the creditability of the new customer and assesses the potential customer's credit quality and sets credit limits by customer. Credit limits assigned to customers are reviewed once a year.

Provision for expected credit loss allowance was assessed and adequately made on a tenant-by-tenant basis, based on the historical default experience and forward-looking information that may impact the tenants' ability to repay the outstanding balances.

The ageing analysis of trade and lease receivables (net of loss allowance), based on invoice dates, as of the end of the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	2,019	1,248
31–60 days	1,987	—
61–90 days	1,836	—
91–120 days	1,145	—
121–150 days	333	—
Over 150 days	272	—
	<u>7,592</u>	<u>1,248</u>

(b) Prepayments, deposits and other receivables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Prepayments and deposits	10,283	1,798
Accrued lease receivables	14,436	12,933
Other receivables	935	966
	<u>25,654</u>	<u>15,697</u>

Accrued lease receivables represent rental income recognised in equal instalments over the accounting periods covered by the lease term in excess of rent due for payment.

12. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	—	584
Other payables and accrued expenses	<u>25,837</u>	<u>29,351</u>
	<u>25,837</u>	<u>29,935</u>

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The ageing analysis of trade payables, based on invoice dates, as of the end of the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	<u>—</u>	<u>584</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Group Review

During the Year, rental income generated from properties in the People's Republic of China (the "PRC") continued to be one of the major sources of the Group's total revenue.

The retail business of the Group was faced with intensified price competition and challenging business environment in the PRC as well as the adverse impact from the ongoing development and knock-on effects of the outbreak of the coronavirus disease 2019 (COVID-19) (the "**Coronavirus Outbreak**"). Such has adversely affected the financial performance of the retail business during the Year. The Group closed down all remaining convenience stores and retail food stores in Shanghai and Anshan in 2022.

For the Year, basic and diluted loss per share of the Company (the "**Share(s)**") was approximately HK17.05 cents (2021: basic and diluted loss per Share was approximately HK11.34 cents).

BUSINESS REVIEW

Property Investment

Despite the worsening Coronavirus Outbreak during the Year, the Group managed to achieve a stable occupancy rate per unit for its residential premises, shop lots and car parking spaces as further detailed below:

Residential premises

For the Year, the Group generated revenue of approximately HK\$2.38 million (2021: approximately HK\$2.51 million) from the leasing of residential premises. The average occupancy rate per unit was approximately 91.11% for the Year (2021: approximately 92.22%). The occupancy rate per unit as at 31 December 2022 was approximately 86.67% (as at 31 December 2021: approximately 93.33%). As at 31 December 2022, 15 residential premises (as at 31 December 2021: 15 residential premises) were classified as investment properties, which were valued by an independent professional valuer. These investment properties are primarily located in Shanghai and Hainan, the PRC. The fair value loss on investment properties was approximately HK\$7.97 million for the Year (2021: fair value gain on investment properties of approximately HK\$3.20 million).

Shops and car parks

For the Year, the Group generated revenue of approximately HK\$23.38 million (2021: approximately HK\$24.51 million) from the leasing of shop lots and car parking spaces. The average occupancy rate per unit was 70.00% for the Year (2021: 100.0%). As at 31 December 2022, all shop lots and car parking spaces were classified as investment properties, which were valued by an independent professional valuer. The fair value loss on investment properties was recorded at approximately HK\$58.54 million for the Year (2021: fair value loss on investment properties of approximately HK\$8.70 million).

Trading of Properties and Property Related Services

During the Year, the Group generated revenue of approximately HK\$1.50 million (2021: approximately HK\$3.76 million) and recorded a loss after tax of approximately HK\$0.27 million (2021: profit of approximately HK\$0.34 million) for this segment.

Trading of properties

For the Year, the Group generated revenue of approximately HK\$0.02 million (2021: approximately HK\$0.08 million) from leasing a residential property held for sale on a short term basis, which was located in Shanghai, the PRC. The average occupancy rate per unit was approximately 25.00% for the Year (2021: approximately 66.67%). As at 31 December 2022, 1 residential premise located in Shanghai, the PRC (as at 31 December 2021: 1 residential premise) was classified as a property held for sale, which was measured at the lower of cost and net realisable value.

Property related services

The Group generated revenue of approximately HK\$1.48 million for the Year (2021: approximately HK\$3.68 million). Due to the ongoing less than desirable financial performance, the Company did not renew the property management agreements for the provision of property related services in Anshan, the PRC upon their expiry on 31 May 2022.

Retail Business

During the Year, the Group was operating a number of Chinese liquor and wine stores, convenience stores and retail food stores in Shanghai as well as convenience stores in Anshan. However, the Coronavirus Outbreak has materially and adversely affected the PRC domestic market during the Year. The various containment measures adopted by the PRC Government from time to time resulted in a significant reduction in foot traffic in shopping malls and street-level shops, and caused certain retail shops to close temporarily and/or shorten their operating hours. As such, the PRC retail sector, including convenience stores, has continued to be one of the more adversely affected sectors as a result of the Coronavirus Outbreak. The retail business generated revenue and losses after tax of approximately HK\$4.45 million (2021: approximately HK\$17.95 million) and HK\$6.64 million (2021: approximately HK\$38.94 million) for the Year, respectively. Despite the subsequent relaxation of the containment measures in the PRC towards the end of the Year, having considered the overall challenging operating environment coupled with intensive price competition and economic headwinds in Shanghai and Anshan as a result of the aftermath of the Coronavirus Outbreak, the Group acted prudently and closed down all the convenience stores and retail food stores in Shanghai and Anshan in 2022 with the aim to control and where possible, cease the loss making part of the retail business.

Regional Information

As the Group did not have material operation outside the PRC during the Year, no geographic segment information is presented.

Prospects

Looking ahead to 2023, the Group is aware of the persistent volatility in the operating environment due to complex global geopolitical issues, slow growth in domestic demand, and economic uncertainties. However, the Chinese economy continues to display strong resilience, tremendous potential, and great vitality, with underlying factors supporting its long-term growth remaining robust. The Group plans to manage its resources and seek diversification opportunities to manage business risks and broaden its income base.

For its properties and property related services businesses, the Group intends to enlarge its investment portfolio and diversify its risk by holding a mixed portfolio of investment properties by seeking opportunities to acquire quality investment properties. The Board also recognises the inherent limitations of a rigid business strategy and will incorporate flexibilities into its business strategy for each business segment with a view to better adapt to the fast changing operating environment.

The Company will strive to further enhance the Company's performance and optimise the return for the shareholders of the Company (the "**Shareholders**").

FINANCIAL REVIEW

Revenue of the Group for the Year decreased by approximately HK\$17.02 million to approximately HK\$31.71 million (2021: approximately HK\$48.73 million) which was mainly due to closure of the remaining convenience stores and retail food stores.

Our gross profit was approximately HK\$24.02 million (2021: approximately HK\$26.87 million) for the Year, while gross profit margin increased to approximately 75.74% (2021: approximately 55.14%), due to the cessation of the loss making retail business.

Other net income was approximately HK\$2.30 million for the Year (2021: approximately HK\$0.87 million). Such increase was mainly due to the one-off value-added tax refund received from the authorities in Anshan, the PRC, and the one-off subsidies received from the Government of the HKSAR in response to the Coronavirus Outbreak during the Year.

Administrative expenses mainly comprised of salaries and benefits including Directors' emoluments, depreciation of property, plant and equipment, depreciation charge of right-of-use assets, short-term rental expenses, legal and professional expenses and other office expenses. Administrative expenses for the Year and the year ended 31 December 2021 were approximately HK\$23.31 million and HK\$28.93 million, respectively, representing a drop of approximately HK\$5.62 million for the Year. Such decrease was mainly due to the decrease in the salaries and benefits of the administrative staff as the retail stores in Shanghai and Anshan, the PRC, were closed in the Year.

Selling and distribution expenses mainly comprised of salaries and benefits of the operational staff, depreciation of property, plant and equipment and depreciation charge of right-of-use assets for the retail business. Selling and distribution expenses for the Year and the year ended 31 December 2021 were approximately HK\$2.57 million and HK\$16.95 million, respectively, representing a substantial decrease of approximately HK\$14.38 million for the Year. Such drop was mainly due to the decrease in costs incurred particularly with the salaries of the operational staff, the depreciation charge of right-of-use assets and the depreciation of property, plant and equipment and logistic charges as the remaining retail stores were closed during the Year.

Other operating expenses of approximately HK\$14.16 million for the year ended 31 December 2021 primarily comprised of the one-off expense on property, plant and equipment, intangible assets, right-of-use assets and other receivables and deposits in relation to the closure of a number of convenience stores and retail food stores. For further details, please refer to the business review on the retail business as set out in the paragraph headed "Business Review".

Loss for the Year attributable to Shareholders amounted to approximately HK\$58.89 million (2021: loss of approximately HK\$39.18 million). The increase was mainly due to the substantial increase in fair value loss on investment properties of approximately

HK\$66.51 million for the Year as compared to the fair value loss on investment properties of approximately HK\$5.50 million for the year ended 31 December 2021. Such was attributable to the challenging macro-environment and property market development in the PRC at the relevant time, which led to a notable decrease in PRC property prices in general.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group's current ratio was approximately 2.75 (2021: approximately 2.60), calculated on the basis of current assets of approximately HK\$72.74 million (2021: approximately HK\$84.30 million) over current liabilities of approximately HK\$26.45 million (2021: approximately HK\$32.36 million).

As at 31 December 2022, total short-term bank deposits, bank deposits with a maturity over three months, bank balances and cash on hand, which were mainly denominated in Hong Kong dollars and Renminbi, were approximately HK\$48.05 million (2021: approximately HK\$70.70 million).

GEARING RATIO

As at 31 December 2022, the Group's gearing ratio was nil (2021: Nil), due to no bank borrowings of the Group (2021: Nil) and the total assets of the Group amounted to approximately HK\$596.53 million (2021: approximately HK\$723.67 million).

CAPITAL COMMITMENTS

As at 31 December 2022, the Group had no capital commitments (2021: Nil).

CHARGES ON ASSETS

As at 31 December 2022, the Group did not have any charge on its assets (2021: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Directors currently do not have any future plans for material investments or capital assets and will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group's interests.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Foreign Exchange Risk

During the Year, most of the Group's business transactions were conducted in Hong Kong dollars and Renminbi. Reviews of the Group's exposure to foreign exchange risks are conducted periodically. The Group expected that the exposure to exchange rate fluctuation was not significant and therefore did not engage in any hedging activity during the Year.

Liquidity Risk

Liquidity risk is a potential risk that the Group will not be able to meet its obligations when they fall due as a result of its inability to obtain adequate funding or liquidate assets. In managing liquidity risks, the Group monitors cash flows and maintains an adequate level of cash and cash equivalents to ensure the ability to finance the Group's operations and reduce the effects of fluctuations in cash flows.

Operational Risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibilities for managing operational risks rest at the early departmental level. The Group's management team will identify and assess key operational exposures regularly so that appropriate responses can be taken.

Impact of Government Policies and Regulations

The business operations of the Group are also subject to government policies, relevant regulations and guidelines established by regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, alterations or suspension of business operations by authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Manpower and Retention Risk

The Group may face the risk of not being able to attract and retain key personnel and talents with adequate skills, experience and competence which meet its business objectives. The Group provides attractive remuneration packages to suitable candidates and personnel.

Third-Party Risks

The Group may rely on third-party service providers and suppliers in certain parts of its business to improve the performance and efficiency of the Group and ensure the quality of the Group's products. While gaining the benefits from external service providers and suppliers, the management team realises that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputational damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputable third-party service providers and closely monitors their performance.

Business Risks

Performance of the Group's core business will be affected by various factors, including but not limited to the economic conditions, the domestic consumption and the property market performances in regions where the investments are located, which would not be mitigated even with careful and prudent investment strategy and strict control procedures.

Significant Investments

During the Year, the Group did not have any significant investments (2021: Nil).

Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Year.

Compliance with Laws and Regulations

During the Year, insofar as the Board was aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that had a significant impact on the business and operations of the Group.

Relationships with Stakeholders

The Company recognises that employees are its valuable assets. Thus, the Group recognises the accomplishments of its employees by providing comprehensive benefit packages, career development opportunities and internal training appropriate to individual needs. The Group regularly reviews the remuneration packages of employees and makes necessary adjustments to conform to the market level.

The Group also understands that it is important to maintain good relationships with business partners and bank enterprises to achieve its long-term goals. During the Year, there was no material or significant dispute between the Group and its business partners or bank enterprises.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2022, the Group employed 21 employees (2021: 139) with staff costs excluding the non-executive Director and independent non-executive Directors for the Year amounted to approximately HK\$15.72 million (2021: approximately HK\$23.26 million). Remuneration policies are reviewed annually by the management of the Company. Remuneration packages are structured to take into account comparable levels in the market and the prevailing business scale of the Group.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2022 (2021: Nil).

ENVIRONMENTAL POLICIES

The Group recognises its responsibility to protect the environment in its business operations. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group aims to maximise energy conservation in its offices by promoting the efficient use of resources and adopting green technologies.

TREASURY POLICIES

The Group adopts a treasury policy that aims to better control its treasury operations and lower its borrowing costs. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board also considers various funding sources depending on the Group's needs to ensure that financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The time deposits of the Group at various licensed banks have been and will continue to be conducted in accordance with the Group's treasury policy. The Board reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year (2021: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance in enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) during the Year, except for the following deviation.

Code Provision D.1.2

Code Provision D.1.2 of the CG Code stipulates that the management of the Company should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

As the containment measures adopted by the PRC Government, in particular, the lockdown in Shanghai, the PRC, had seriously affected the progress of the preparation of the Company's monthly management accounts during the Year, the Company could not provide monthly updates to the members of the Board in time and such practice deviated from code provision D.1.2 of the CG Code.

The Company had already resumed the provision of monthly updates on a timely basis to the Board during the second half of the Year.

NON-COMPLIANCE WITH RULES 3.10(1), 3.10A AND 3.21 OF THE LISTING RULES

Following the resignation of Mr. HU Jianxing on 31 March 2022, the Company fails to meet the requirement of (i) Rule 3.10(1) of the Listing Rules that the Board must include at least three independent non-executive directors; (ii) Rule 3.10A of the Listing Rules which requires the number of independent non-executive directors representing at least one-third of the Board; and (iii) Rule 3.21 of the Listing Rules in relation to the composition of the audit committee.

The Company will continue to use its best endeavours to identify suitable candidate(s) to fill the subject vacancies as soon as practicable to re comply with the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, each of the Directors confirmed he/she had complied with required standards set out in the Model Code throughout the Year. The Board has also adopted the Model Code as guidelines for relevant employees in respect of their dealings in the securities of the Company. No incidents of non-compliance of such guidelines by relevant employees was noted by the Company during the Year.

SCOPE OF WORK OF KPMG ON THIS FINAL RESULTS ANNOUNCEMENT

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the Year as set out in this final results announcement have been agreed by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion and assurance conclusion has been expressed by the auditor on this announcement.

DECISION OF THE STOCK EXCHANGE ON RULE 13.24

On 22 January 2021, the Company had received a letter from the Stock Exchange, which served as a notice that the Stock Exchange had decided that the Company had failed to maintain a sufficient level of operations as required under Rule 13.24 of the Listing Rules to warrant the continued listing of the Shares, and that, subject to whether the Company applies for a review of the LD Decision (as defined hereinafter), trading in the Shares shall be suspended under Rule 6.01(3) of the Listing Rules (the “**LD Decision**”).

On 2 February 2021, the Company had submitted a written request for the LD Decision to be referred to the Listing Committee of the Stock Exchange for review pursuant to Rule 2B.06(1) of the Listing Rules, and the review hearing had been scheduled.

On 5 May 2021, the Company received a letter from the Listing Committee notifying the Company that the Listing Committee, having considered all the submissions (both written and oral) made by the Company and the Listing Division, decided to uphold the LD Decision to suspend trading in the Shares under Rule 6.01(3) of the Listing Rules (the “**LC Decision**”). The Listing Committee was also of the view that the Company failed to maintain a sufficient level of operations as required under Rule 13.24 of the Listing Rules to warrant the continued listing of its Shares.

On 14 May 2021, the Company had made a written request to the Listing Review Committee of the Stock Exchange (the “**Listing Review Committee**”) for the LC Decision to be referred to the Listing Review Committee for a further and final review (the “**LRC Review**”) pursuant to Rule 2B.06(2) of the Listing Rules.

On 1 September 2021, the Company received a letter from the Stock Exchange notifying the Company that, having considered all the submissions (both written and oral) made by the Company and the Listing Division, the Listing Review Committee decided to uphold the LC Decision to suspend trading in the Shares under Rule 6.01(3) of the Listing Rules (the “**LRC Decision**”). The Listing Review Committee was also of the view that the Company failed to maintain a sufficient level of operations as required under Rule 13.24 of the Listing Rules to warrant the continued listing of the Shares.

On 30 September 2021, the Company received a letter from the Stock Exchange setting out the guidance for the resumption of trading in the Shares. The Company further received a letter from the Stock Exchange on 8 June 2022, which sets out additional resumption guidance for the resumption of trading in the Shares. Together with the resumption guidance issued by the Stock Exchange on 30 September 2021, details of the resumption guidance (the “**Resumption Guidance**”) are as follows:

- (i) demonstrate its compliance with Rule 13.24;
- (ii) inform the market of all material information for the Shareholders and investors to appraise the Company’s position; and
- (iii) re-comply with Rules 3.10(1), 3.10A and 3.21 of the Listing Rules.

Details of (i) the LD Decision were set out in the announcements of the Company dated 22 January 2021 and 2 February 2021; (ii) the LC Decision were set out in the announcement of the Company dated 5 May 2021; (iii) the LRC Review were set out in the announcement of the Company dated 14 May 2021; (iv) the LRC Decision were set out in the announcement of the Company dated 2 September 2021; (v) the Resumption Guidance were set out in the announcements of the Company dated 5 October 2021 and 15 June 2022; and (vi) the quarterly updates on resumption progress were set out in the announcements of the Company dated 30 November 2021, 28 February 2022, 31 May 2022, 18 August 2022, 29 November 2022 and 28 February 2023. The Company shall continue to provide Shareholders with updates on the situation from time to time.

At the request of the Company, the trading in the Shares on the Stock Exchange had been suspended with effect from 9:00 a.m. on Thursday, 2 September 2021 and will remain suspended until further notice. Pursuant to Rule 6.01A of the Listing Rules, the Company shall have a period of 18 months from 2 September 2021 to take appropriate actions to demonstrate its compliance with Rule 13.24 of the Listing Rules, failing which the Stock Exchange may cancel the listing of the Shares. Further announcement(s) will be made by the Company as and when appropriate and in compliance with the requirements under the Listing Rules.

AUDIT COMMITTEE

The Audit Committee, comprising two independent non-executive Directors, has reviewed the Group's audited consolidated financial statements for the Year and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to the risk management and internal control systems and financial reporting of the Group.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, no material events happened subsequent to the Year and up to the date of this announcement.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our Shareholders, customers, bankers and other business associates for their trust and support.

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

Hong Kong, 31 March 2023

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 two independent non-executive Directors, namely, Mr. TSEUNG Yuk Hei Kenneth and Mr. JI Qing.