



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)

2022

INTERIM REPORT





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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. JIANG Tian (*Chairman*)
Ms. HOU Yingxuan (*Chief Executive*)
Mr. GONG Biao (*Vice-President*)
Ms. JIANG Jiabao

Non-executive Director

Mr. CHAI Yuet

Independent Non-executive Directors

Mr. TSEUNG Yuk Hei Kenneth
Mr. JI Qing

Company Secretary

Ms. HO Wing Yan (*ACG, HKACG (PE)*)

Auditor

KPMG

Certified Public Accountants

Public Interest Entity Auditor

*registered in accordance with the
Financial Reporting Council Ordinance*

Legal Adviser

CFN Lawyers

Share Registrar

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Registered Office

Room 1512, 15/F.
New World Tower 1
16-18 Queen's Road Central
Hong Kong

Audit Committee

Mr. TSEUNG Yuk Hei Kenneth (*Chairman*)
Mr. JI Qing

Remuneration Committee

Mr. JI Qing (*Chairman*)
Mr. GONG Biao
Mr. TSEUNG Yuk Hei Kenneth

Nomination Committee

Mr. JIANG Tian (*Chairman*)
Mr. TSEUNG Yuk Hei Kenneth
Mr. JI Qing

Stock Code

141 (Main Board of The Stock Exchange of
Hong Kong Limited)

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MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

During the six months ended 30 June 2022 (the “**Period**”), the international market environment became increasingly complicated while the COVID pandemic conditions resurged and emerged across the People’s Republic of China (the “**PRC**”), which brought greater downward pressure on the PRC’s economic development.

Due to the new wave of the COVID pandemic in March 2022 which resulted in a mandatory lockdown in Shanghai, the PRC, being a principal operating base for Sky Chinafortune Holdings Group Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), and various containment measures being adopted in response to the COVID pandemic, the operating environment for the retail sectors have been affected, which led to notable underperformance of the retail store operations of the Group.

During the Period, the overall revenue and financial results of the Group were principally derived from its rental income generated from its investment properties in the PRC, the performance of which suffered as certain tenants have not paid rent due to the difficult operating environment, including tenants located in Shanghai, the PRC, where most of the properties of the Group are located.

Despite working under an overall challenging operating environment and against the backdrop of the ongoing development of the COVID pandemic during the Period, the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company has navigated through difficulties and risen above challenges during the Period. With the support of the shareholders (the “**Shareholder(s)**”) and the management of the Company, the Board will continue to focus on the tasks at hand, remain fully committed to the continuous development of the Group’s businesses and will continue to dedicate themselves to enhancing long-term Shareholder value.

Financial Review

Revenue of the Group for the Period has decreased by approximately HK\$3.46 million to approximately HK\$18.64 million (six months ended 30 June 2021: approximately HK\$22.10 million). The decrease in retail sales generated from the retail business was mainly due to the impact from the ongoing development and knock on effects of the COVID pandemic, which caused temporary and adverse effects on the Group's operating environment in the PRC as described above.

Our gross profit was approximately HK\$12.73 million (six months ended 30 June 2021: approximately HK\$12.57 million) for the Period, while the gross profit margin was approximately 68.30% (six months ended 30 June 2021: approximately 56.87%). The gross profit margin has increased as compared with the corresponding period in 2021 due to the decrease in scale, or cessation, of the operation of loss-making convenience stores and retail food stores (which recorded substantially lower gross profit margins) during the Period.

Other net income was approximately HK\$1.58 million for the Period, while the same for the corresponding period in 2021 was approximately HK\$0.50 million. Such increase was mainly due to the one-off subsidy received from the Government of the HKSAR and the one-off value-added tax refund received from the authorities in Anshan, the PRC, in response to the COVID pandemic for the Period.

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 Period and the six months ended 30 June 2021 were approximately HK\$9.69 million and HK\$12.61 million, respectively, representing a decrease of approximately HK\$2.92 million for the Period. Such decrease was mainly due to the closure of certain convenience stores and retail food stores in Shanghai, the PRC, during the Period.

Selling and distribution expenses mainly comprised of salaries and benefits of the operation 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 Period and the six months ended 30 June 2021 were approximately HK\$2.32 million and HK\$6.76 million, respectively, representing a decrease of approximately HK\$4.44 million for the Period. Such decrease was mainly due to the closure of certain convenience stores and retail food stores in Shanghai, the PRC, during the Period.

Loss for the Period attributable to owners of the Company amounted to approximately HK\$26.88 million (six months ended 30 June 2021: profit of approximately HK\$3.18 million). The turn from profit to loss for the Period was mainly attributable to (i) the impact from the ongoing development and knock on effects of the COVID pandemic, which caused temporary and adverse effects on the Group's operating environment in the PRC; (ii) the net valuation loss on the investment properties held by the Group as a whole of approximately HK\$32.66 million; and (iii) the increase in provision of doubtful debts on account receivables, for which the Group had encountered delays in rental collection from certain tenants.

Basic and diluted loss per share of the Company (the "Share") for the Period was HK7.78 cents (six months ended 30 June 2021: earnings per Share was HK0.92 cents).

Business Review

Property Investment

Due to the ongoing development of the COVID pandemic and the related containment measures in the PRC, in particular, the lockdown in Shanghai, the PRC, during the months of April and May 2022, which impacted the businesses of the Group's tenants and consequently, the Group encountered delays in rental collection from certain tenants.

Residential Premises

For the Period, the Group generated revenue of approximately HK\$1.27 million (six months ended 30 June 2021: approximately HK\$1.23 million) from the leasing of residential premises. The average occupancy rate per unit was approximately 93.33% for the Period (six months ended 30 June 2021: approximately 91.11%). The occupancy rate per unit as at 30 June 2022 was approximately 93.33% (as at 30 June 2021: 93.33%). As at 30 June 2022, 15 residential premises (as at 30 June 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\$4.26 million for the Period (six months ended 30 June 2021: fair value gain of approximately HK\$13.31 million).

Shops and Car Parks

For the Period, the Group generated revenue of approximately HK\$12.35 million (six months ended 30 June 2021: approximately HK\$11.85 million) from the leasing of shops and car parks. The average occupancy rate per unit was approximately 100.00% for the Period (six months ended 30 June 2021: approximately 100.00%). As at 30 June 2022, all shops and car parks 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\$28.40 million for the Period (six months ended 30 June 2021: fair value gain of approximately HK\$0.43 million).

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. As such, during the Period, the Group entered into a non-legally binding letter of intent relating to a possible acquisition of certain properties in the PRC, which may or may not proceed at the sole discretion of the Company, and a refundable deposit of approximately HK\$10.05 million has been paid accordingly.

Trading of Properties and Property Related Services

During the Period, the Group generated revenue of approximately HK\$1.56 million (six months ended 30 June 2021: approximately HK\$1.85 million) and recorded a profit after tax of approximately HK\$0.02 million (six months ended 30 June 2021: approximately HK\$0.17 million) for this segment.

Trading of Properties

For the Period, the Group generated revenue of approximately HK\$0.02 million (six months ended 30 June 2021: approximately HK\$0.02 million) from leasing 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 50.00% for the Period (six months ended 30 June 2021: 33.33%). As at 30 June 2022, 1 residential premise was located in Shanghai, the PRC (as at 30 June 2021: 1 residential premise) and was classified as property held for sale, which was measured at the lower of cost and net realisable value.

Property Related Services

During the Period, the Group generated revenue of approximately HK\$1.54 million (six months ended 30 June 2021: approximately HK\$1.83 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 Period, the retail business of the Group faced a challenging business environment in the PRC and the ongoing development and knock-on effects of the COVID pandemic. Customer traffic experienced a decrease and the level of retail business activities was affected. With the recent closure of a majority of its loss-making retail stores, the Group further streamlined its cost structure with a view to maintain overall business and cost efficiencies.

During the Period, the retail business generated revenue and losses after tax of approximately HK\$3.46 million (six months ended 30 June 2021: approximately HK\$7.17 million) and HK\$4.31 million (six months ended 30 June 2021: approximately HK\$10.64 million) for the Period, respectively. The Group believes losses would persist in the foreseeable future if the Group were to press ahead with the continued development of its retail business under the current business model. As such, after detailed assessment and much deliberation, the Board has decided to close down all the convenience stores and retail food stores in Shanghai and Anshan, the PRC, by the second half of 2022 to cease the loss-making part of the retail business. As the operating environment continues to evolve, the Board shall monitor and actively manage the development of the Group's retail business and reassess its strategy accordingly.

Regional Information

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

Prospects

Looking forward, the Board appreciates the fact that overcoming the challenges to both the domestic and global economies will not be immediate nor straightforward, hence no effort will be spared in monitoring and proactively managing the challenges ahead. With the Group's proactive business management, barring unforeseen circumstances, the Board is cautiously optimistic that the Group's businesses will improve over time and the Board will continue to act prudently and in the interests of the Shareholders by reviewing and re-adjusting the Group's business strategy, where necessary, and optimising the deployment of resources from time to time. To this end, the Group has been and shall continue to seek suitable diversification opportunities to manage business risks and broaden its income base, and will continue to closely monitor the development of its different business segments from time to time.

For its properties and property related services businesses, leveraging on our industry experience and insight, 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.

Having faced and overcome many challenges in the retail business during the Period, the Board has decided to close down all the convenience stores and retail food stores in Shanghai and Anshan, the PRC, by the second half of 2022 with the aim to cease the loss-making part of the retail business.

The Board will continue to act with caution and use its best endeavors to develop a business strategy that can, to the extent possible, contain the adverse effects of the COVID pandemic variants, and their adverse impact on the economy and the markets in which the Group operates.

With the interests of the Shareholders in mind, the Board has and shall continue to monitor the impact of the macroeconomic issues on its performance and to act prudently and cautiously by re-adjusting the Group's strategy over time to manage the situations arising from the development of the COVID pandemic, as demonstrated by our decision to close a number of the Group's retail stores in the PRC in the past, and to maintain a good relationship with key tenants and secure continued and stabilised income for the Group.

Under the "New Normal", the Board recognises the inherent limitations of a rigid business strategy. Hence, the Board has and shall continue to incorporate flexibilities into its business strategy for each of the business segments with a view to better adapt to the fast changing operating environment that the "New Normal" has and may bring upon the Group's businesses. As certain adjustments to the business strategies may require a longer period of time to take effect and yield results than others, the Board will exercise its due care and skills to ensure an appropriate balance is struck between the merits and effectiveness of each strategy so as to achieve long-term Shareholder value enhancement.

Liquidity and Financial Resources

As at 30 June 2022, the Group's current ratio was approximately 2.41 (31 December 2021: approximately 2.60), calculated on the basis of current assets of approximately HK\$66.43 million (31 December 2021: approximately HK\$84.30 million) over current liabilities of approximately HK\$27.62 million (31 December 2021: approximately HK\$32.36 million).

As at 30 June 2022, total short-term bank deposits, bank balances and cash on hand, which were denominated in Hong Kong dollars, United States dollars and Renminbi, were approximately HK\$50.84 million (31 December 2021: approximately HK\$70.70 million).

Gearing Ratio

As at 30 June 2022, the Group's gearing ratio was nil (31 December 2021: Nil), due to there being no bank borrowings for the Group (31 December 2021: Nil) and total assets of the Group amounting to approximately HK\$657.37 million (31 December 2021: approximately HK\$723.67 million).

Future Plans for Material Investment or Capital Assets

Save as disclosed above, 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. If the Company decides to proceed with the properties acquisition, it is expected that the same will be funded by internal resources and/or borrowings from banks.

Significant Investments

During the Period, the Group did not have any significant investments (six months ended 30 June 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 Period.

Foreign Exchange Exposure

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

Capital Commitment

As at 30 June 2022, the Group had no capital commitment (31 December 2021: Nil).

Contingent Liability

The Group had no material contingent liability as at 30 June 2022 (31 December 2021: Nil).

Charge on Assets

As at 30 June 2022, the Group did not have any charge on its assets (31 December 2021: Nil).

Treasury Policy

The Group adopts a treasury policy that aims to better control its treasury operations and lower its borrowing cost. 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 need 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 shall 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.

Employees and Remuneration Policies

As at 30 June 2022, the Group employed 49 employees (30 June 2021: 148 employees) with staff costs excluding the non-executive Director and independent non-executive Directors for the Period amounting to approximately HK\$8.95 million (six months ended 30 June 2021: approximately HK\$9.17 million). Remuneration policies are reviewed annually by the management of the Company. Remuneration packages are structured to take into account comparable market levels and the prevailing business scale of the Group.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 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 Period.

SUPPLEMENTARY INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, the following Directors or the chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange:

Long positions in the Shares

Name of Director	Capacity/ Nature of Interest	Number of Shares interested			Percentage of the Shares (Note 3)
		Direct interests	Deemed interests	Total interests	
Mr. JIANG Tian	Beneficial owner Interest in a controlled corporation	6,162,000	187,176,577 (Note 1)	193,338,577	55.98%
Ms. JIANG Jiabao	Beneficial owner	25,932,000		25,932,000	7.51%

Long positions in the shares of associated corporations

Name of Director	Name of associated corporation	Capacity	Number of shares held	Percentage of the issued shares of associated corporation
Mr. JIANG Tian	Hopevision Group Ltd. (Note 2)	Interest in a controlled corporation	1	100%
	Hong Kong Hopevision International Limited	Interest in a controlled corporation	1	100%
	Shanghai Chongsheng Investment Management Co., Ltd. (Note 2)	Beneficial owner	N/A	99%
Mr. GONG Biao	Shanghai Chongsheng Investment Management Co., Ltd. (Note 2)	Beneficial owner	N/A	1%

Notes:

1. *Mr. JIANG Tian was deemed to be interested in 193,338,577 Shares, among which 187,176,577 Shares were held by Hopevision Group Ltd. and 6,162,000 Shares were held in his own capacity.*
2. *Hopevision Group Ltd. was indirectly wholly owned by Shanghai Chongsheng Investment Management Co., Ltd., whose registered capital of RMB50,000,000 was in turn owned as to 99% by Mr. JIANG Tian and 1% by Mr. GONG Biao.*
3. *The percentage represents the number of Shares interested divided by the number of the issued Shares as at 30 June 2022.*

Save as disclosed above, as at 30 June 2022, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

None of the Directors nor the chief executive (including their spouse and children under 18 years of age) of the Company had any interest in, or had been granted, or exercised, any rights to subscribe for the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) during the Period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that, as at 30 June 2022, the following parties had interests in more than 5% of the Shares:

Long positions in the Shares

Name of substantial shareholder	Capacity/ Nature of Interest	Number of Shares interested			Percentage of the Shares (Note 3)
		Direct interests	Deemed interests	Total interests	
Hopevision Group Ltd.	Beneficial owner	187,176,577	—	187,176,577	54.20%
Shanghai Chongsheng Investment Management Co., Ltd.	Interest in a controlled corporation	—	187,176,577 (Note 1)	187,176,577	54.20%
Smart Emperor Global Limited	Beneficial owner	20,930,000	—	20,930,000	6.06%
Ms. SU Shan	Interest in a controlled corporation	—	20,930,000 (Note 2)	20,930,000	6.06%

Notes:

1. The share capital of Hopevision Group Ltd. was wholly owned by Hong Kong Hopevision International Limited, which was wholly owned by Shanghai Chongsheng Investment Management Co., Ltd., which was owned as to 99% by Mr. JIANG Tian. Accordingly, Mr. JIANG Tian and Shanghai Chongsheng Investment Management Co., Ltd. were deemed to be interested in the 187,176,577 Shares held by Hopevision Group Ltd.
2. The share capital of Smart Emperor Global Limited was wholly owned by Ms. SU Shan. Accordingly, Ms. SU Shan was deemed to be interested in the 20,930,000 Shares held by Smart Emperor Global Limited.
3. The percentage represents the number of Shares interested divided by the number of the issued Shares as at 30 June 2022.

Save as disclosed above, the Directors are not aware of any person (other than the Directors whose interests are set out in the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations” above) who, as at 30 June 2022, had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register kept by the Company under section 336 of the SFO.

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 the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules during the Period, except 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 Period, 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 has already resumed the provision of monthly updates on a timely basis to the Board as at the date of this report.

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.

In order to comply with the Listing Rules, the Company will continue to use its best endeavours to identify suitable candidate(s) to fill the subject vacancies as soon as practicable and in accordance with the relevant Listing Rules.

UPDATES ON DIRECTORS' INFORMATION

- Each of the service contracts of Mr. JIANG Tian, Ms. HOU Yingxuan, Mr. GONG Biao and Ms. JIANG Jiabao as executive Directors and each of the letters of appointment of Mr. CHAI Yuet, Mr. TSEUNG Yuk Hei Kenneth and Mr. JI Qing as non-executive Directors have been renewed for a term of three years commencing from 23 June 2022.
- Pursuant to the service contract entered into between Mr. JIANG Tian and the Company on 23 June 2022, Mr. JIANG Tian will no longer receive fixed remuneration, but will be entitled to discretionary bonuses paid by the Company.
- The monthly salary of Mr. GONG Biao paid by Poppins Properties (Shanghai) Co., Ltd.* (博平置業(上海)有限公司, a subsidiary of the Company) has been adjusted to RMB59,000.00 with effect from 31 August 2022.

Save as disclosed herein, there has been no change to the information of the Directors pursuant to Rule 13.51B(1) of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' dealings in the securities of the Company. Having made specific enquiries of all Directors, each of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code throughout the Period.

The Board has also adopted the Model Code as a guideline for relevant employees in respect of their dealings in the securities of the Company. No incident of non-compliance with such guideline by relevant employees was noted by the Company during the Period.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE AND AUDITOR

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

The unaudited interim financial report of the Group for the Period has been reviewed by the Company's external auditor in accordance with Hong Kong Standard on Review Engagements 2410 *"Review of interim financial information performed by the independent auditor of the entity"* issued by the Hong Kong Institute of Certified Public Accountants.

* For identification purpose only

EVENTS AFTER THE PERIOD

There is no other material event which happened after the Period.

PUBLICATION OF INTERIM REPORT ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim report is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.skychinafortune.com.

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 continuous trust and support.

BOARD OF DIRECTORS

As at the date of this report, 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.

On behalf of the Board

Sky Chinafortune Holdings Group Limited

JIANG Tian

Chairman of the Board

Hong Kong, 30 August 2022

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 update on resumption progress was set out in the announcements of the Company dated 30 November 2021, 28 February 2022, 31 May 2022 and 18 August 2022.

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.



REVIEW REPORT TO THE BOARD OF DIRECTORS OF SKY CHINAFORTUNE HOLDINGS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 20 to 38 which comprises the consolidated statement of financial position of Sky Chinafortune Holdings Group Limited (the “**Company**”) as of 30 June 2022 and the related consolidated statement of profit or loss, statement of comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong
30 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022 — unaudited
(Expressed in Hong Kong dollars (“HK\$”))

	Note	Six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
Revenue	5	18,644	22,103
Cost of sales		(5,910)	(9,534)
Gross profit		12,734	12,569
Other net income		1,580	503
Net valuation (loss)/gain on investment properties	9	(32,662)	13,742
Administrative expenses		(9,691)	(12,607)
Selling and distribution expenses		(2,324)	(6,757)
Provision for expected credit loss allowance for financial assets		(904)	—
(Loss)/profit from operations		(31,267)	7,450
Finance costs	6(a)	(39)	(618)
(Loss)/profit before taxation	6(b)	(31,306)	6,832
Income tax	7	4,165	(4,460)
(Loss)/profit for the period		(27,141)	2,372
(Loss)/profit attributable to			
— Equity shareholders of the Company		(26,878)	3,177
— Non-controlling interests		(263)	(805)
(Loss)/profit for the period		(27,141)	2,372
(Loss)/earnings per share	8		
— Basic and diluted (HK cents)		(7.78)	0.92

The notes on pages 26 to 38 form part of this interim financial report. Details of dividends payable to equity shareholders of the company are set out in note 14(a).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022 — unaudited

(Expressed in HK\$)

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
(Loss)/profit for the period	(27,141)	2,372
Other comprehensive income for the period (after tax and reclassification adjustments):		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
— Exchange differences on translation of financial statements of operations in foreign jurisdictions	(25,254)	4,592
Total comprehensive income for the period	(52,395)	6,964
Attributable to:		
— Equity shareholders of the Company	(52,159)	7,761
— Non-controlling interests	(236)	(797)
Total comprehensive income for the period	(52,395)	6,964

The notes on pages 26 to 38 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 — unaudited

(Expressed in HK\$)

		At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
	<i>Note</i>		
Non-current assets			
Investment properties	9	558,605	617,010
Property, plant and equipment	10	5,847	6,544
Right-of-use assets	11	1,627	2,499
Intangible assets		47	51
Trademarks		103	115
Trade and other receivables, prepayments and deposits	12	24,712	13,159
		590,941	639,378
Current assets			
Properties held for sale		1,246	1,302
Inventories		5,513	8,513
Trade and other receivables, prepayments and deposits	12	8,823	3,786
Short-term bank deposits		40,515	49,565
Bank balances and cash		10,329	21,130
		66,426	84,296

	<i>Note</i>	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Current liabilities			
Trade and other payables and accrued expenses	13	25,947	29,935
Rental deposits received		56	59
Lease liabilities		1,293	2,359
Tax payable		320	9
		27,616	32,362
Net current assets			
		38,810	51,934
Total assets less current liabilities			
		629,751	691,312
Non-current liabilities			
Rental deposits received		4,687	4,896
Lease liabilities		464	856
Deferred tax liabilities		82,371	90,936
		87,522	96,688
NET ASSETS			
		542,229	594,624
Capital and Reserves			
Share capital	14	193,246	193,246
Reserves		349,690	401,849
Total equity attributable to equity shareholders of the Company			
		542,936	595,095
Non-controlling interests			
		(707)	(471)
TOTAL EQUITY			
		542,229	594,624

The notes on pages 26 to 38 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022 — unaudited

(Expressed in HK\$)

	Attributable to equity shareholders of the Company					Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
Balance at 1 January 2021	193,246	96,853	152	329,302	619,553	833	620,386
Changes in equity for the six months ended 30 June 2021:							
Profit for the period	—	—	—	3,177	3,177	(805)	2,372
Other comprehensive income	—	4,584	—	—	4,584	8	4,592
Total comprehensive income	—	4,584	—	3,177	7,761	(797)	6,964
Acquisition of additional interests in a subsidiary	—	5	—	(81)	(76)	76	—
Balance at 30 June 2021	193,246	101,442	152	332,398	627,238	112	627,350

	Attributable to equity shareholders of the Company					Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
Balance at 1 January 2022	193,246	112,247	217	289,385	595,095	(471)	594,624
Changes in equity for the six months ended 30 June 2022:							
Loss for the period	—	—	—	(26,878)	(26,878)	(263)	(27,141)
Other comprehensive income	—	(25,281)	—	—	(25,281)	27	(25,254)
Total comprehensive income	—	(25,281)	—	(26,878)	(52,159)	(236)	(52,395)
Balance at 30 June 2022	193,246	86,966	217	262,507	542,936	(707)	542,229

The notes on pages 26 to 38 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2022 — unaudited

(Expressed in HK\$)

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Operating activities		
Net cash used in operating activities	(7,130)	(2,354)
Investing activities		
Deposit paid for investment properties	(10,325)	—
Purchase of property, plant and equipment	(10)	(4,884)
Others	270	141
Net cash used in investing activities	(10,065)	(4,743)
Financing activities		
Capital element of lease rentals paid	(992)	(2,847)
Interest element of lease rentals paid	(34)	(626)
Net cash used in financing activities	(1,026)	(3,473)
Net decrease in cash and cash equivalents	(18,221)	(10,570)
Cash and cash equivalents at 1 January	70,695	98,030
Effect of foreign exchange rates changes	(1,630)	457
Cash and cash equivalents at 30 June	50,844	87,917
Analysis of balances of cash and cash equivalents		
Bank balances and cash	10,329	28,163
Short-term bank deposits	40,515	59,754
	50,844	87,917

The notes on pages 26 to 38 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in HK\$ unless otherwise indicated)

1 General information

Sky Chinafortune Holdings Group Limited (the “**Company**”) is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The trading of shares has been suspended since 2 September 2021. The address of the registered office and principal place of business of the Company is Room 1512, 15/F, New World Tower 1, 16–18 Queen’s Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in property investment and the retail business in the People’s Republic of China (the “**PRC**”). The Company and its subsidiaries are collectively referred to as the “**Group**”.

The functional currency of the Company is Hong Kong dollars (“**HK\$**”) and the functional currency of its operations in the PRC is Renminbi (“**RMB**”). The consolidated financial statements are presented in HK\$.

2 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 30 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”).

This interim financial report is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 19.

2 Basis of preparation (continued)

The financial information relating to the financial year ended 31 December 2021 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance (Chapter 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 Company's auditor has reported on those financial statements. The auditor's report (i) was unqualified; (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and (iii) did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

3 Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS37, *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 results and financial position for the current period have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 Segment Information

Information reported to the executive directors of the Company (the “**Directors**”), being the chief operating decision-makers, 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 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 sale 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.

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 six months ended 30 June 2022 (the “**Period**”) (six months ended 30 June 2021: Nil). 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, unallocated finance costs and unallocated income tax expenses.

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

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

4 Segment Information (continued)

Segment revenue and results

Information regarding the above segments is reported below:

	Property investment HK\$'000	Trading of properties and property related services HK\$'000	Retail business HK\$'000	Total HK\$'000
For the six months ended 30 June 2022				
Reportable segment revenue	13,624	1,560	3,460	18,644
Reportable segment (loss)/profit after tax	(18,415)	20	(4,314)	(22,709)
Net corporate expenses				(4,394)
Unallocated finance costs				(34)
Unallocated tax expenses				(4)
Loss for the Period				(27,141)

	Property investment HK\$'000	Trading of properties and property related services HK\$'000	Retail business HK\$'000	Total HK\$'000
For the six months ended 30 June 2021				
Reportable segment revenue	13,079	1,851	7,173	22,103
Reportable segment profit/(loss) after tax	19,482	174	(10,644)	9,012
Net corporate expenses				(6,595)
Unallocated finance costs				(45)
Profit for the Period				2,372

4 Segment Information (continued)

Segment assets and liabilities

	Property investment HK\$'000	Trading of properties and property related services HK\$'000	Retail business HK\$'000	Total HK\$'000
At 30 June 2022				
Reportable segment assets	591,117	2,690	9,833	603,640
Unallocated corporate assets				53,727
Consolidated total assets				657,367
Reportable segment liabilities	93,334	16,190	2,801	112,325
Unallocated corporate liabilities				2,813
Consolidated total liabilities				115,138
	Property investment HK\$'000	Trading of properties and property related services HK\$'000	Retail business HK\$'000	Total HK\$'000
At 31 December 2021				
Reportable segment assets	636,447	2,944	20,763	660,154
Unallocated corporate assets				63,520
Consolidated total assets				723,674
Reportable segment liabilities	101,812	17,081	4,880	123,773
Unallocated corporate liabilities				5,277
Consolidated total liabilities				129,050

Unallocated corporate assets mainly comprised of right-of-use assets and property, plant and equipment which are used by the Group's headquarters, trademarks, certain 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 of corporate liabilities of the Group's headquarters which are not directly attributable to the business activities of any operating segment.

Geographical information

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

5 Revenue

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

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Rental revenue:		
Shops	12,047	11,587
Residential	1,294	1,249
Car parking spaces	307	262
	13,648	13,098
Revenue from contracts with customers within the scope of HKFRS 15		
Retail sales	3,460	7,173
Property related services	1,536	1,832
	18,644	22,103

The Group's customer base includes one (six months ended 30 June 2021: one) customer with whom transactions have exceeded 10% of the Group's revenue. During the Period, revenue from rental income received from the one (six months ended 30 June 2021: one) customer in the "Property investment" segment, amounted to approximately HK\$8,144,000 (six months ended 30 June 2021: approximately HK\$7,436,000).

6 (Loss)/profit before taxation
(a) Finance costs

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Interest on leases liabilities	39	618

6 (Loss)/profit before taxation (continued)

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

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Amortisation of trademarks	10	10
Amortisation of intangible assets	2	70
Depreciation charge		
— owned property, plant and equipment	444	1,135
— right-of-use assets	840	3,168
Expected credit loss allowance for financial assets	904	—
Interest income	(254)	(249)
Government subsidy	(112)	—
Exchange (gain)/loss, net	(1,233)	56
Staff costs (including Directors' emoluments)	9,465	9,762
Cost of inventories recognised as expenses included in cost of sales	3,879	6,873
Short-term leases charges	585	449
Gross rental income	(13,648)	(13,098)
Less: direct operating expenses	912	1,410
Net rental income	(12,736)	(11,688)

7 Income tax

Taxation (credited)/charged to profit or loss:

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Current tax — PRC tax	605	1,022
Deferred tax	(4,770)	3,438
	(4,165)	4,460

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%.

7 Income tax (continued)

No provision was made for Hong Kong Profits Tax as the Group did not generate any assessable profits arising in Hong Kong during the Period and the six months ended 30 June 2021, respectively.

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 an Enterprise Income Tax rate of 25%.

Income tax arising from certain Hong Kong subsidiaries' operations in the PRC is calculated at a tax rate of 10% (six months ended 30 June 2021: 10%) on the rental income earned by these Hong Kong subsidiaries for the Period.

8 (Loss)/earnings per share

The calculation of the basic and diluted (loss)/earnings per share is based on the following data:

The calculation of basic (loss)/earnings per share is based on the loss attributable to the ordinary equity shareholders of the Company of approximately HK\$26,878,000 (six months ended 30 June 2021: profit of approximately HK\$3,177,000) and the weighted average of 345,374,910 ordinary shares (six months ended 30 June 2021: 345,374,910 ordinary shares) in issue during the Period.

There was no difference between the basic and diluted (loss)/earnings per share as there were no dilutive potential shares outstanding for the periods presented.

9 Investment properties

The valuations of investment properties carried at fair value were performed by the Group's independent valuer, Asset Appraisal Limited, using the same valuation techniques as were used by this valuer when carrying out the valuation for the year ended 31 December 2021. A net loss of approximately HK\$32,662,000 has been recognised in profit or loss for the Period in respect of investment properties (six months ended 30 June 2021: gain of approximately HK\$13,742,000).

10 Property, plant and equipment

During the Period, the Group acquired property, plant and equipment at a cost of approximately HK\$10,000 (six months ended 30 June 2021: approximately HK\$4,884,000).

11 Right-of-use assets

During the Period, the Group did not enter into any lease agreement. For the six months ended 30 June 2021, the Group entered into various lease agreements for use of retail stores and office premises and therefore recognised the additions to right-of-use assets of approximately HK\$5,970,000.

The leases of retail stores contain fixed payment terms. During the Period and six months ended 30 June 2021, no rent concessions in the form of a discount on fixed payments was received by the Group.

12 Trade and other receivables, prepayments and deposits

As at the end of the Period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance is as follows:

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
0-30 days	2,558	1,248
31-60 days	655	—
61-90 days	163	—
91-120 days	2,383	—
Over 120 days	1,212	—
Trade receivables	6,971	1,248
Less: expected credit loss	(904)	—
	6,067	1,248
Accrued lease receivables	15,436	12,933
Prepayments, deposits and other receivables	12,032	2,764
Carrying amount	33,535	16,945
Less: current portion	(8,823)	(3,786)
Non-current portion	24,712	13,159

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

A refundable deposit of approximately HK\$10,048,000 was paid for a possible acquisition of certain investment properties in Anshan, the PRC.

12 Trade and other receivables, prepayments and deposits (continued)

Trade receivables represent the lease receivables due for payment from tenants according to the payment schedule stated in the rental agreement. Rents from leasing of properties are normally received in advance without credit terms to tenants. At 30 June 2022, trade receivables of approximately HK\$4,413,000 (31 December 2021: Nil) were past due.

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.

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.

13 Trade and other payables and accrued expenses

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Trade payables	65	584
Other payables and accrued expenses	25,882	29,351
	25,947	29,935

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 Period is as follows:

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
0-30 days	65	584

14 Capital, reserves and dividends**(a) Dividends*****Interim dividends***

No interim dividend was declared and paid for the Period (six months ended 30 June 2021: Nil).

(b) Share capital

	At 30 June 2022		At 31 December 2021	
	Number of shares	Amounts HK\$'000	Number of shares	Amounts HK\$'000
Ordinary shares, issued and fully paid	345,374,910	193,246	345,374,910	193,246

15 Fair value measurement of financial instruments**(a) Financial assets and liabilities measured at fair value**

At 30 June 2022 and 31 December 2021, the Group did not have any financial assets or liabilities measured at fair value.

(b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair value as at 31 December 2021 and 30 June 2022.

16 Commitments

At 30 June 2022 and 31 December 2021, the Group had no capital commitments.

17 Related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group was as follows:

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Fees, salaries, other benefits and retirement benefit costs	2,328	2,538

Total remuneration was included in "staff costs" (see note 6(b)).

(b) Other related party transactions

(i) Significant related party transactions

During the Period, the Group entered into transactions with the following related party:

Name of a party	Nature of transaction	Six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
Sky Fortune Boutique Hotel Shanghai	Short-term rental paid	356	369
	Staff messing	15	26
	Retail sales	282	368

17 **Related party transactions (continued)**(b) **Other related party transactions (continued)**(ii) ***Balance with a related party***

As at 30 June 2022, the Group had the following balance with a related party:

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Amount due from Sky Fortune Boutique		
Hotel Shanghai	510	296
Lease liabilities	700	850

18 **Immediate and ultimate controlling party**

At 30 June 2022, the Directors consider the immediate parent of the Group to be Hopevision Group Ltd., a company which was incorporated in Seychelles and the ultimate controlling party of the Group is Mr. JIANG Tian.

19 **Possible impact of amendments, new standards and interpretations issued but not yet effective for the Period**

A number of amendments and new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted any new or amended standards in preparing this interim financial report. These standards are not expected to have a material impact on the Group's consolidated financial statements.

20 **Impact of COVID-19 pandemic**

The outbreak of the COVID-19 pandemic since December 2019 has brought additional uncertainties to the Group's operating environment and has temporarily impacted the Group's operations and financial position.

The Group has been closely monitoring the impact on the developments of the Group's business and has put in place contingency measures. The contingency measure includes offering one to two months rent relief to several tenants, and the amount of rental concession was determined on a case-by-case basis during the Period. The Group will keep the contingency measures under review as the situation evolves.