



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)

2021

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. HU Jianxing  
Mr. TSEUNG Yuk Hei Kenneth  
Mr. JI Qing

#### **Company Secretary**

Ms. HO Wing Yan (*ACG, ACS (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. HU Jianxing  
Mr. JI Qing

#### **Remuneration Committee**

Mr. HU Jianxing (*Chairman*)  
Mr. GONG Biao  
Mr. JI Qing

#### **Nomination Committee**

Mr. JIANG Tian (*Chairman*)  
Mr. HU Jianxing  
Mr. JI Qing

#### **Stock Code**

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

#### **Website**

[www.skychinafortune.com](http://www.skychinafortune.com)

#### **Contact**

Room 1512, 15/F.  
New World Tower 1  
16-18 Queen's Road Central  
Hong Kong  
Telephone: (852) 2167 3333  
Facsimile: (852) 2167 6333  
Email: [info@skychinafortune.com](mailto:info@skychinafortune.com)

## MANAGEMENT DISCUSSION AND ANALYSIS

### Market Overview

During the six months ended 30 June 2021 (the “**Period**”), the continuous development of the outbreak of the coronavirus (COVID-19) (the “**Coronavirus Outbreak**”) has presented unprecedented challenges for many enterprises across the People’s Republic of China (the “**PRC**”) as well as temporarily affecting the overall business activities in the PRC. The adverse knock-on effects of the Coronavirus Outbreak, including small clusters of infected cases in certain regions of the PRC from time to time and the emergence of COVID-19 Delta variant, are not limited to the immediate direct reduction of economic activities and loss of consumer spending as a result of the various containment measures adopted by the PRC Government (the “**Containment Measures**”), but also include loss of employment, shifting in consumer behaviour in the short term. In addition, given that the Coronavirus Outbreak has affected countries globally to various degrees, the rates of overseas businesses and tourists entering into the PRC are expected to maintain at a relatively low level for the rest of 2021. Nonetheless, on a more positive note, there has been a gradual increase in domestic business and social activities over time. It is expected that these adverse impacts will continue to affect the markets in which Sky Chinafortune Holdings Group Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) operates.

Despite working under an overall challenging operating environment and against the backdrop of the unprecedented Coronavirus Outbreak since late 2019, the board (the “**Board**”) of directors (the “**Directors**”) of the Company has navigated through difficulties and risen above challenges during the Period. With the support of the shareholders (the “**Shareholders**”) 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 Shareholders value.

### Financial Review

Revenue of the Group for the Period increased by approximately HK\$4.12 million to approximately HK\$22.10 million (six months ended 30 June 2020: approximately HK\$17.98 million). This was mainly due to the effects of exchange rate fluctuation against Renminbi (“**RMB**”) and the new source of revenue of approximately HK\$1.83 million generated from the property related services which commenced in June 2020.

Our gross profit was approximately HK\$12.57 million (six months ended 30 June 2020: approximately HK\$11.70 million) for the Period, while gross profit margin was approximately 56.87% (six months ended 30 June 2020: approximately 65.07%). The gross profit margin had decreased as compared with the corresponding period in 2020 as the retail business is still in its infancy stage, of which gross profit margin was relatively low.

Other net income was approximately HK\$0.50 million for the Period, while that for the corresponding period in 2020 was approximately HK\$0.95 million. Such decrease was mainly due to the drop in interest income generated and the one-off subsidy received from the Government of the HKSAR in response to the Coronavirus Outbreak during the six months ended 30 June 2020.

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 2020 were approximately HK\$12.61 million and HK\$11.01 million, respectively, representing an increase of approximately HK\$1.60 million for the Period. Such increase was mainly due to the increase in the salaries and benefits of the administrative staff as the new convenience stores in Anshan, the PRC, were targeted to be opened in the second half of 2021.

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 2020 were approximately HK\$6.76 million and HK\$0.66 million, respectively, representing an increase of approximately HK\$6.10 million for the Period. Such increment was mainly due to the increase in costs incurred particularly with the salaries of the operation staff and the depreciation of property, plant and equipment as a number of retail stores were newly opened in the first half of 2021.

Profit for the Period attributable to owners of the Company amounted to approximately HK\$3.18 million (six months ended 30 June 2020: profit of approximately HK\$1.64 million). The increase was mainly due to the fair value gain on investment properties of approximately HK\$13.74 million for the Period as compared to the fair value gain on investment properties of approximately HK\$2.83 million for the corresponding period in 2020; offsetting by the increase in the selling and distribution expenses as mentioned above.

Basic and diluted earnings per share of the Company (the "Share") for the Period were HK0.92 cents (six months ended 30 June 2020: HK0.47 cents).

## **Business Review**

### ***Property Investment***

Attributable to the impact of the Coronavirus Outbreak in the PRC since December 2019, there has been a reduced level of economic activity and temporary loss of consumer spending, the Group entered into supplemental agreements with certain tenants to temporarily reduce/waive the rental payments for periods ranging from one to two months during the six months ended 30 June 2020. As a result, approximately HK\$2.43 million of the total rental income from the Group's properties business for the six months ended 30 June 2020 had been waived. The Group was successful in retaining its tenants and none of the tenants had terminated any rental agreement or entered into any supplemental agreements for reduction or waiver of rent payable with the Group during the Period.

Despite the Coronavirus Outbreak, the Group managed to achieve a higher overall average occupancy rate per unit for both of its residential premises and shop lots and car parking spaces when compared to the corresponding period in 2020 as further detailed below:

#### *Residential Premises*

For the Period, the Group generated revenue of approximately HK\$1.23 million (six months ended 30 June 2020: approximately HK\$1.15 million) from the leasing of residential premises. The average occupancy rate per unit was approximately 91.11% for the Period (six months ended 30 June 2020: approximately 91.11%). The occupancy rate per unit as at 30 June 2021 was approximately 93.33% (as at 30 June 2020: 86.67%). As at 30 June 2021, 15 residential premises (as at 30 June 2020: 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 gain on investment properties was approximately HK\$13.31 million for the Period (six months ended 30 June 2020: approximately HK\$4.61 million).

#### *Shops and Car Parks*

For the Period, the Group generated revenue of approximately HK\$11.85 million (six months ended 30 June 2020: approximately HK\$10.63 million) from the leasing of shops and car parks. The average occupancy rate per unit was 100% for the Period (six months ended 30 June 2020: approximately 44.12%). As at 30 June 2021, all shops and car parks were classified as investment properties, which were valued by an independent professional valuer. The fair value gain on investment properties was recorded at approximately HK\$0.43 million for the Period (six months ended 30 June 2020: fair value loss of approximately HK\$1.78 million).

### ***Trading of Properties and Property Related Services***

During the Period, the Group generated revenue of approximately HK\$1.85 million (six months ended 30 June 2020: approximately HK\$0.34 million) and recorded a profit after tax of approximately HK\$0.17 million (six months ended 30 June 2020: approximately HK\$0.07 million) for this segment. The moderate profit after tax was mainly attributable to the staff costs incurred for the provision of property related services.

#### *Trading of Properties*

For the Period, the Group generated revenue of approximately HK\$0.02 million (six months ended 30 June 2020: approximately HK\$0.06 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 33.33% for the Period (six months ended 30 June 2020: 100%). As at 30 June 2021, 1 residential premise was located in Shanghai, the PRC (as at 30 June 2020: 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 had commenced its property related services business in June 2020 and renewed the three property management agreements with Anshan Xinhaijia Property Management Co., Ltd.\* (鞍山新海嘉電梯有限公司) during the Period, through its wholly-owned subsidiary, Anshan Tian Xi Hai Jia Sales Company Limited\* (鞍山天禧海嘉商業銷售有限公司), to provide property related services for various residential properties, shop lots and auxiliary facilities in Anshan, the PRC.

During the Period, the Group generated revenue of approximately HK\$1.83 million (six months ended 30 June 2020: approximately HK\$0.28 million).

### ***Retail Business***

During the Period, the Group has operated the retail sales of a variety of Chinese liquor and wine, Chinese braised food and convenience stores in Shanghai, the PRC, and had commenced the preparation works for the opening of the convenience stores in Anshan, the PRC, such as identifying shops, attending to decoration and recruiting staff.

However, in light of the Coronavirus Outbreak, overall business activities in the PRC, including retail business activities, have continuously been affected. As at 30 June 2021, the Group was operating one Chinese liquor and wine store, five convenience stores and six retail food stores, and the retail business generated revenue and losses after tax of approximately HK\$7.17 million (six months ended 30 June 2020: approximately HK\$5.86 million) and HK\$10.64 million (six months ended 30 June 2020: approximately HK\$2.37 million) for the Period, respectively. Such loss after tax was mainly attributable to staff costs, the depreciation charge of right-of-use assets and property and equipment incurred for the Chinese liquor and wine store, the convenience stores and the Chinese braised

food stores. 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 is encouraged by the continuous recovery of the PRC's overall economy, albeit at various rates for different industries and regions, as evidenced by the period-on-period growth in GDP of China for the first half of 2021 based on preliminary data published by the National Bureau of Statistics of China in July 2021. Such recovery is further supported by the ongoing vaccination programme in the PRC. However, the Board appreciates the fact that a full recovery 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 (i) enlarge its investment portfolio and diversify its risk by holding a mixed portfolio of investment properties by seeking opportunities to acquire quality investment properties; and (ii) actively establish a track record and market reputation as a reliable quality property management services provider.

As for the retail business, the Group intends to focus on the (i) Chinese liquor and wine retail business, which has been operating under the brand name of “大橘珍品”, with a primary focus on the sales of “Moutai”, a well-known Chinese liquor brand with a long history and often referred to as the national liquor of the PRC; and (ii) convenience store retail business, which has been operating under the name of “大橘便利”, with a primary focus on the sales of a mixture of selective quality fast-moving consumer goods and good quality casual convenient food, while targeting the increasingly affluent middle-class in the PRC which has been among the fastest growing in the world. Further, the Group has commenced the preparation works for a food-related business in the PRC since December 2020. The food-related business is focused on Chinese braised food, and is intended to provide various table food for different local cuisines in the future.

The Coronavirus Outbreak has materially and adversely impacted the PRC domestic market during the Period. 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 its operating hours. As such, the retail sector, including convenience stores, has continued to be one of the more adversely affected sectors as a result of the Coronavirus Outbreak. Having faced and overcome many challenges in the retail business, the Board shall continue to exercise prudence in its future development.

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 a possible reemergence of the Coronavirus Outbreak. Nevertheless, the Board expects upcoming challenges given the unpredictability of the development of the Coronavirus Outbreak, in particular, with the possible development of different 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 act prudently and cautiously by re-adjusting the Group's strategy over time to manage the situations arising from the development of the Coronavirus Outbreak, as demonstrated by our decision to delay the opening of a number of the Group's convenience stores in the PRC, and maintain a good relationship with its 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 business strategy 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 Shareholders' value enhancement.

#### **Liquidity and Financial Resources**

As at 30 June 2021, the Group's current ratio was approximately 2.86 (31 December 2020: approximately 3.57), calculated on the basis of current assets of approximately HK\$98.81 million (31 December 2020: approximately HK\$108.11 million) over current liabilities of approximately HK\$34.59 million (31 December 2020: approximately HK\$30.24 million).

As at 30 June 2021, 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\$87.92 million (31 December 2020: approximately HK\$98.03 million).

### **Gearing Ratio**

As at 30 June 2021, the Group's gearing ratio was nil (31 December 2020: Nil), due to there being no bank borrowings for the Group (31 December 2020: Nil) and total assets of the Group amounting to approximately HK\$780.00 million (31 December 2020: approximately HK\$764.71 million).

### **Future Plans for Material Investment or Capital Assets**

The Group is actively exploring suitable business opportunities in the PRC domestic market. During the Period, the Group has been operating one Chinese liquor and wine store, five convenience stores and six food stores with an initial focus on braised food. During the Period, the Group commenced the preparation works for the convenience stores in Anshan, the PRC, and such stores will be opened during the second half of 2021. The Group believes that, by further expanding into the retail industry, the Group can take advantage of the increasing domestic demand in the retail industry (despite the impact of the Coronavirus Outbreak), which will provide a prime opportunity for the Group to diversify its revenue stream and strive for a better return for the Shareholders in the long term, which is expected to benefit the Company and the Shareholders as a whole.

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

### **Significant Investments**

During the Period, the Group did not have any significant investments (six months ended 30 June 2020: 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 2021, the Group had capital commitments of approximately HK\$0.83 million for the retail business (31 December 2020: approximately HK\$1.68 million).

**Contingent Liability**

The Group had no material contingent liability as at 30 June 2021 (31 December 2020: Nil).

**Charge on Assets**

As at 30 June 2021, the Group did not have any charge on its assets (31 December 2020: 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 2021, the Group employed 148 employees (30 June 2020: 102 employees) with staff costs excluding the non-executive Director and independent non-executive Directors for the Period amounting to approximately HK\$9.17 million (six months ended 30 June 2020: approximately HK\$5.58 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 2020: 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.

## FUND RAISING — PLACINGS

The Company has conducted two placings of new Shares under general mandate in 2017 (the “Placings”) with details as follows:

	Date of placing agreement	No. of new Shares placed	Placing price	Net placing price	Gross and net proceeds	Market price of the Shares on the date when the issuance terms were determined	Date of completion
First Placing	10 February 2017	52,300,000 Shares	HK\$1.44	HK\$1.43	Approximately HK\$75.31 million and HK\$74.72 million	HK\$1.75 (10 February 2017)	24 February 2017
Second Placing	3 November 2017	31,390,000 Shares	HK\$1.50	HK\$1.49	Approximately HK\$47.09 million and HK\$46.67 million	HK\$1.78 (3 November 2017)	30 November 2017

For details of the Placings, please refer to the Company’s announcements dated 10 February 2017, 24 February 2017, 3 November 2017 and 30 November 2017, respectively.

The intended and actual use of proceeds from the Placings up to 30 June 2021 are as follows:

Fund raising activities	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds up to 30 June 2021	Unutilised proceeds	Expected timeline for utilising the unutilised net proceeds (Note)
First Placing	Approximately HK\$74.72 million	For <ul style="list-style-type: none"> <li>(i) general working capital; and/or</li> <li>(ii) financing future investments or new business development as and when opportunities arise</li> </ul>	<ul style="list-style-type: none"> <li>(i) Approximately HK\$51.87 million had been applied towards the general working capital of the Group (i.e. rental expenses, remuneration of directors and employees, legal and professional fees and other administrative expenses); and</li> <li>(ii) Approximately HK\$22.85 million had been used for the settlement of the consideration of the acquisition of 11 contiguous double deck shop units within a two-storey retail building in a newly constructed private housing estate located in Liaoning Province, the PRC, and its related taxes and expenses</li> </ul>	Nil	N/A
Second Placing	Approximately HK\$46.67 million	For <ul style="list-style-type: none"> <li>(i) general working capital; and/or</li> <li>(ii) financing future investments or new business development as and when opportunities arise</li> </ul>	<ul style="list-style-type: none"> <li>(i) Approximately HK\$5.39 million had been applied towards the general working capital of the Group (i.e. rental expenses, remuneration of directors and employees, legal and professional fees and other administrative expenses); and</li> <li>(ii) Approximately HK\$12.31 million and HK\$28.32 million had been used for the automobile business and the retail business, respectively</li> </ul>	Approximately HK\$0.65 million will be used as intended for the general working capital of the Group and financing new business development when the opportunity arises (including but not limited to the expansion of the retail business)	By 2021

*Note: The expected timeline for utilising the unutilised net proceeds is based on the best estimation of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.*

## 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 2021, 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 2021.

Save as disclosed above, as at 30 June 2021, 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 2021, 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 2021.

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 2021, 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.

## UPDATES ON DIRECTORS’ INFORMATION

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 enquiry of all Directors, each of the Directors confirmed that he/she had 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, save and except as follows:

On 25 January 2021, Ms. JIANG Jiabao, an executive Director, acquired 1,248,000 Shares during the blackout period under rule A3(a)(i) of the Model Code, without notification to the chairman of the Company (the “Incident”). To the best knowledge of the Board after reasonable enquiries, the non-compliance was not deliberate and completely unintentional and was merely due to Ms. JIANG Jiabao’s inadvertent oversight and unfamiliarity with the requirements under the Model Code. The Incident was immediately identified by the Company and such transaction was subsequently disclosed on 25 January 2021.

Further, the Company has taken the following remedial steps to avoid the occurrence of a similar incident in the future:

- (i) upon notification of the Incident, the Company has reminded all Directors again of the dealing restriction and the dealing notification procedures required under the Model Code to ensure strict compliance with rules A.3 and B.8 of the Model Code;
- (ii) the Company has provided additional reminders to the Directors on the date of commencement of the relevant blackout period, and will provide further periodic training and development materials to the Directors, including but not limited to (a) the relevant Listing Rule requirements; (b) enforcement case studies; and (c) the applicable topics in relation to the obligation and duties of the Directors; and
- (iii) the Company has reviewed its relevant internal control procedures in further detail and made improvements, where necessary, with a view to reduce the risks of future non-compliance incidents of a similar nature.

## **REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE AND AUDITOR**

The audit committee of the Company, comprising all the three 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 and 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.

## **EVENTS AFTER THE PERIOD**

There is no other material event 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](http://www.hkexnews.hk) and the Company at [www.skychinafortune.com](http://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 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 three independent non-executive Directors, namely, Mr. HU Jianxing, 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, 25 August 2021

## 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 LD 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.

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; and (iv) the LRC Decision were set out in the announcement of the Company dated 2 September 2021.

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)*

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 at 30 June 2021 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated 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 2021 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  
25 August 2021

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021 — unaudited  
(Expressed in Hong Kong dollars (“HK\$”))

	Note	Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000
Revenue	5	22,103	17,976
Cost of sales		(9,534)	(6,279)
<b>Gross profit</b>		<b>12,569</b>	11,697
Other net income		503	950
Net valuation gain on investment properties	9	13,742	2,830
Administrative expenses		(12,607)	(11,007)
Selling and distribution expenses		(6,757)	(663)
<b>Profit from operations</b>		<b>7,450</b>	3,807
Finance costs	6(a)	(618)	(121)
<b>Profit before taxation</b>	6(b)	<b>6,832</b>	3,686
Income tax	7	(4,460)	(2,047)
<b>Profit for the period</b>		<b>2,372</b>	1,639
<b>Profit attributable to</b>			
— Equity shareholders of the Company		3,177	1,639
— Non-controlling interests		(805)	—
<b>Profit for the period</b>		<b>2,372</b>	1,639
<b>Earnings per share</b>	8		
— Basic and diluted (HK cents)		0.92	0.47

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 2021 — unaudited  
(Expressed in HK\$)

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
<b>Profit for the period</b>	<b>2,372</b>	1,639
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
— Exchange differences on translation of financial statements of operations in foreign jurisdictions	<b>4,592</b>	(9,180)
<b>Total comprehensive income for the period</b>	<b>6,964</b>	(7,541)
<b>Attributable to:</b>		
— Equity shareholders of the Company	<b>7,761</b>	(7,541)
— Non-controlling interests	<b>(797)</b>	—
<b>Total comprehensive income for the period</b>	<b>6,964</b>	(7,541)

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 — unaudited

(Expressed in HK\$)

	<i>Note</i>	<b>At 30 June 2021 HK\$'000</b>	At 31 December 2020 HK\$'000
<b>Non-current assets</b>			
Investment properties	9	<b>625,195</b>	606,764
Property, plant and equipment	10	<b>13,444</b>	9,652
Right-of-use assets	11	<b>26,292</b>	24,883
Intangible assets		<b>1,607</b>	1,677
Trademarks		<b>124</b>	134
Trade and other receivables, prepayments and deposits	12	<b>14,534</b>	13,495
		<b>681,196</b>	656,605
<b>Current assets</b>			
Properties held for sale		<b>1,279</b>	1,269
Inventories		<b>5,661</b>	3,905
Trade and other receivables, prepayments and deposits	12	<b>3,949</b>	4,891
Tax recoverable		<b>—</b>	10
Short-term bank deposits		<b>59,754</b>	69,476
Bank balances and cash		<b>28,163</b>	28,554
		<b>98,806</b>	108,105

	<i>Note</i>	<b>At 30 June 2021 HK\$'000</b>	At 31 December 2020 HK\$'000
<b>Current liabilities</b>			
Trade and other payables and accrued expenses	13	<b>28,376</b>	26,001
Rental deposits received		<b>80</b>	113
Lease liabilities		<b>6,000</b>	4,108
Tax payable		<b>132</b>	18
		<b>34,588</b>	30,240
<b>Net current assets</b>			
		<b>64,218</b>	77,865
<b>Total assets less current liabilities</b>			
		<b>745,414</b>	734,470
<b>Non-current liabilities</b>			
Rental deposits received		<b>4,779</b>	4,666
Lease liabilities		<b>20,717</b>	20,972
Deferred tax liabilities		<b>92,568</b>	88,446
		<b>118,064</b>	114,084
<b>NET ASSETS</b>			
		<b>627,350</b>	620,386
<b>Capital and Reserves</b>			
Share capital	14	<b>193,246</b>	193,246
Reserves		<b>433,992</b>	426,307
<b>Total equity attributable to equity shareholders of the Company</b>			
		<b>627,238</b>	619,553
<b>Non-controlling interests</b>			
		<b>112</b>	833
<b>TOTAL EQUITY</b>			
		<b>627,350</b>	620,386

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 2021 — unaudited

(Expressed in HK\$)

	Attributable to equity shareholders of the Company				
	Share capital HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>Balance at 1 January 2020</b>	193,246	59,587	133	332,848	585,814
<b>Changes in equity for the six months ended 30 June 2020:</b>					
Profit for the period	—	—	—	1,639	1,639
Other comprehensive income	—	(9,180)	—	—	(9,180)
Total comprehensive income	—	(9,180)	—	1,639	(7,541)
<b>Balance at 30 June 2020</b>	193,246	50,407	133	334,487	578,273

	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			
<b>Balance at 1 January 2021</b>	193,246	96,853	152	329,302	619,553	833	620,386	
<b>Changes in equity for the six months ended 30 June 2021:</b>								
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	—	
<b>Balance at 30 June 2021</b>	193,246	101,442	152	332,398	627,238	112	627,350	

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 2021 — unaudited  
(Expressed in HK\$)

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
<b>Operating activities</b>		
<b>Net cash used in operating activities</b>	<b>(2,354)</b>	(2,296)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(4,884)	(616)
Others	141	782
<b>Net cash (used in)/generated from investing activities</b>	<b>(4,743)</b>	166
<b>Financing activities</b>		
Capital element of lease rentals paid	(2,847)	(1,492)
Interest element of lease rentals paid	(626)	(121)
<b>Net cash used in financing activities</b>	<b>(3,473)</b>	(1,613)
<b>Net decrease in cash and cash equivalents</b>	<b>(10,570)</b>	(3,743)
<b>Cash and cash equivalents at 1 January</b>	<b>98,030</b>	103,005
<b>Effect of foreign exchange rates changes</b>	<b>457</b>	(899)
<b>Cash and cash equivalents at 30 June</b>	<b>87,917</b>	98,363
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances and cash	28,163	31,917
Short-term bank deposits	59,754	66,446
	<b>87,917</b>	98,363

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 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 25 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 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 2020 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 2020 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 2020 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

### Overview

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

- Amendments to HKFRS 16, *Covid-19-related rent concessions*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform — phase 2*

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, 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 of the Company 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
- (3) Retail business — sale of Chinese liquor and wine, and everyday items 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 2021 (the "**Period**") (six months ended 30 June 2020: 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 and unallocated finance costs.

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
<b>For the six months ended 30 June 2021</b>				
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

	Property investment HK\$'000	Trading of properties and property related services HK\$'000	Retail business HK\$'000	Total HK\$'000
<b>For the six months ended 30 June 2020</b>				
Reportable segment revenue	11,779	338	5,859	17,976
Reportable segment profit/(loss) after tax	10,105	68	(2,367)	7,806
Net corporate expenses				(6,141)
Unallocated finance costs				(26)
Profit for the period				1,639

#### 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
<b>At 30 June 2021</b>				
Reportable segment assets	653,104	1,923	49,202	704,229
Unallocated corporate assets				75,773
Consolidated total assets				780,002
Reportable segment liabilities	103,223	16,943	27,814	147,980
Unallocated corporate liabilities				4,672
Consolidated total liabilities				152,652

	Property investment HK\$'000	Trading of properties and property related services HK\$'000	Retail business HK\$'000	Total HK\$'000
<b>At 31 December 2020</b>				
Reportable segment assets	635,333	1,713	42,409	679,455
Unallocated corporate assets				85,255
Consolidated total assets				764,710
Reportable segment liabilities	98,464	16,823	25,358	140,645
Unallocated corporate liabilities				3,679
Consolidated total liabilities				144,324

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	
	2021 HK\$'000	2020 HK\$'000
<b>Rental revenue:</b>		
Shops	11,587	10,380
Residential	1,249	1,209
Car parking spaces	262	249
	<b>13,098</b>	11,838
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Retail sales	7,173	5,859
Property related services	1,832	279
	<b>22,103</b>	17,976

The Group's customer base includes one (six months ended 30 June 2020: 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 2020: one) customer in the "Property investment" segment, amounted to approximately HK\$7,436,000 (six months ended 30 June 2020: approximately HK\$7,084,000).

## 6 Profit before taxation (a) Finance costs

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Interest on leases liabilities	618	121

## 6 Profit before taxation (continued)

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

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Amortisation of trademarks	10	10
Amortisation of intangible assets	70	—
Depreciation charge		
— owned property, plant and equipment	1,135	541
— right-of-use assets	3,168	1,207
Interest income	(249)	(698)
Government subsidy	—	(189)
Exchange loss, net	56	180
Staff costs (including directors' emoluments)	9,762	6,172
Cost of inventories recognised as expenses included in cost of sales	6,873	5,161
Short-term leases charges	449	444
Gross rental income	(13,098)	(11,838)
Less: direct operating expenses	1,410	903
Net rental income	(11,688)	(10,935)

## 7 Income tax

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Current tax — PRC tax	1,022	483
Deferred tax	3,438	1,564
	<b>4,460</b>	2,047

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%.

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 2020, 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 2020: 10%) on the rental income earned by these Hong Kong subsidiaries for the Period.

## 8 Earnings per share

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

The calculation of basic earnings per share is based on the profit attributable to the ordinary equity shareholders of the Company of approximately HK\$3,177,000 (six months ended 30 June 2020: approximately HK\$1,639,000) and the weighted average of 345,374,910 ordinary shares (six months ended 30 June 2020: 345,374,910 ordinary shares) in issue during the Period.

There was no difference between the basic and diluted 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 2020. A net gain of approximately HK\$13,742,000 has been recognised in profit or loss for the Period in respect of investment properties (six months ended 30 June 2020: approximately HK\$2,830,000).

## 10 Property, plant and equipment

During the Period, the Group acquired property, plant and equipment at a cost of approximately HK\$4,884,000 (six months ended 30 June 2020: approximately HK\$616,000).

## 11 Right-of-use assets

During the Period, the Group entered into various lease agreements for use of retail stores and office premises (six months ended 30 June 2020: retail stores and office premises), and therefore recognised the additions to right-of-use assets of approximately HK\$5,970,000 (six months ended 30 June 2020: approximately HK\$6,014,000).

The leases of retail stores contain fixed payment terms. During the Period, no rent concessions in the form of a discount on fixed payments was received by the Group.

During the six months ended 30 June 2020, the Group received rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amount of fixed payments for the period is summarised below:

	Six months ended 30 June 2020		
	Fixed payments	COVID-19 rent	Total payments
	HK\$'000	concessions HK\$'000	HK\$'000
Retail store — Shanghai	373	(54)	319

**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:

	<b>At 30 June 2021 HK\$'000</b>	At 31 December 2020 HK\$'000
0-30 days	<b>261</b>	1,387
Trade receivables, net of loss allowance	<b>261</b>	1,387
Accrued lease receivables	<b>12,679</b>	12,617
Prepayments, deposits and other receivables, net of loss allowance	<b>5,543</b>	4,382
Carrying amount	<b>18,483</b>	18,386
Less: current portion	<b>(3,949)</b>	(4,891)
Non-current portion	<b>14,534</b>	13,495

The Group primarily offers an average credit period ranging from 0 to 30 days to its retail business customers (2020: 0 to 30 days).

Lease receivables represent the 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 2021, no trade receivables (31 December 2020: Nil) were past due.

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**

	<b>At 30 June 2021 HK\$'000</b>	At 31 December 2020 HK\$'000
Trade payables	<b>1,302</b>	123
Other payables and accrued expenses	<b>27,074</b>	25,878
	<b>28,376</b>	26,001

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

**13 Trade and other payables and accrued expenses (continued)**

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

	<b>At 30 June 2021 HK\$'000</b>	At 31 December 2020 HK\$'000
0–30 days	<b>1,273</b>	123
31–60 days	—	—
61–90 days	—	—
91–120 days	—	—
121–180 days	<b>29</b>	—
	<b>1,302</b>	123

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

No interim dividend was declared and paid for the Period (six months ended 30 June 2020: Nil).

**(b) Share capital**

	<b>At 30 June 2021</b>		At 31 December 2020	
	<b>Number of shares</b>	<b>Amounts HK\$'000</b>	Number of shares	Amounts HK\$'000
<b>Ordinary shares, issued and fully paid</b>	<b>345,374,910</b>	<b>193,246</b>	345,374,910	193,246

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

At 30 June 2021 and 31 December 2020, 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 2020 and 30 June 2021.

## 16 Commitments

## Capital commitments outstanding not provided for

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Acquisition of property, plant and equipment in retail business		
— contracted but not provided for	826	1,675

## 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	
	2021 HK\$'000	2020 HK\$'000
Fees, salaries, other benefits and retirement benefit costs	2,538	2,346

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 parties:

Name of parties	Nature of transaction	Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000
Sky Fortune Boutique Hotel Shanghai (Note (a))	Short-term rental	369	377
	paid		
	Staff messing	26	56
	Retail sales	368	3
Shanghai You Yi Jiu Ye Company Limited* (Note (b)) 上海優怡酒業有限公司	Retail sales	—	597

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

As at 30 June 2021, the Group had the following balance with a related party:

	<b>At 30 June 2021 HK\$'000</b>	At 31 December 2020 HK\$'000
Amount due from Sky Fortune Boutique Hotel Shanghai (Note (a))	<b>253</b>	381
Lease liabilities	<b>949</b>	1,052

Notes:

(a) *The ultimate controlling party of the Group acquired the controlling interests in this entity indirectly in January 2020.*

(b) *The company was controlled by two executive directors of the Company, Mr. JIANG Tian and Mr. GONG Biao, respectively, and was deregistered in September 2020.*

\* *The English translation is for reference of those official names in Chinese only.*

18 **Immediate and ultimate controlling party**

At 30 June 2021, the directors of the Company 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 2021 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.