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天禧海嘉控股集團有限公司

SKY CHINA FORTUNE HOLDINGS GROUP LIMITED

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

*(Incorporated in Hong Kong with limited liability)*

## QUARTERLY UPDATE ON RESUMPTION PROGRESS AND PROFIT WARNING

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

Reference is made to the announcements of the Company dated 5 October 2021, 30 November 2021, 28 February 2022, 31 May 2022 and 15 June 2022 (the “**Announcements**”) in relation to, among other things, the guidance for the resumption of trading in the shares of the Company (the “**Shares**”) set by the Stock Exchange (the “**Resumption Guidance**”) and quarterly updates on the resumption progress, respectively. Unless otherwise specified, capitalised terms used in this announcement have the same meanings as defined in the Announcements.

Since the publication of the Announcements and over the course of 2022, the Company continued to work on the resumption of trading in the Shares and has been communicating with professional advisers of the Group to explore and consider different alternatives available to the Company in preparing a feasible resumption proposal to address matters set out in the Resumption Guidance. Further announcement(s) in relation to material developments of the Group will be made as and when appropriate pursuant to the applicable Listing Rules.

## **BUSINESS OPERATIONS**

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

While the Board remains committed to improve the long-term financial performance and business operations of the Group over time with a view to fulfil the requirements set out in the Resumption Guidance, the ongoing development of COVID and the corresponding containment measures have caused temporary macro-economic headwinds in the PRC, in particular, to the retail sector, property development and related sectors. Against this backdrop, the operating environment continued to be challenging since the publication of the previous quarterly update announcement of the Company dated 31 May 2022.

COVID containment measures in the PRC, including, among others, the lockdown of micro-districts\* (小區) with positive COVID cases and movement restrictions, have also adversely affected the business activities of the Group. In particular, the outbreak of COVID in Shanghai during the month of April 2022 and other parts of the PRC is expected to leave a lasting impact on the businesses of the Group's tenants and consequently, the Group has encountered delays in rental collection for certain properties. Moreover, the implementation of containment measures during the recent COVID wave in Shanghai has also affected the Group's local retail businesses, as local residents could only receive deliveries of basic foods and essentials from the authorities, instead of directly purchasing retail products and Chinese liquor at the Group's stores. As a result, the reduced consumer demand has led to reduced sales throughout the local retail market.

Under the challenging operating environment, the Board shall continue to review and, where necessary, modify its business strategies with a view to adjust the Group's businesses accordingly. With the recent closure of a majority of its loss-making retail businesses, the Group has further streamlined its cost structure with a view to maintain overall business and cost efficiencies. In addition, as disclosed in the previous quarterly update announcement of the Company dated 31 May 2022, the Board also intends to close down the remaining convenience stores and retail food stores in Shanghai and Anshan by the second half of 2022 with the aim to control and where possible, cease the loss-making part of its retail business. Besides, due to ongoing unsatisfactory financial performance, the Company did not renew the property management agreements.

In connection with the Resumption Guidance, the Company has and shall continue to explore different means to satisfy the resumption conditions, including, among others, formulating and adopting appropriate strategies to improve and strengthen the business capabilities of the Group as well as seeking potential new business opportunities with a view to broaden its income base, enhance its long-term growth potential and further improve the overall financial performance of the Group. However, no definitive agreement in relation to any acquisition and/or disposal which constitutes a notifiable transaction has been entered into by the Company as at the date of this announcement,

and the aforesaid strategies may or may not lead to any notifiable transactions, and there is no certainty that any definitive agreement will be reached. Furthermore, the Company will continue to use its best endeavours to identify suitable candidate(s) to fill the independent non-executive director vacancy as soon as practicable and in accordance with the relevant Listing Rules. The Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

## **PROFIT WARNING**

The Board would like to inform the shareholders of the Company (the “Shareholders”) and potential investors that, based on the preliminary review of the consolidated management accounts of the Group for the six months ended 30 June 2022, the Group is expected to record an unaudited consolidated net loss attributable to equity Shareholders for the six months ended 30 June 2022 in the range of approximately HK\$26 million to HK\$29 million as compared to the unaudited consolidated net profit attributable to equity Shareholders of approximately HK\$3 million for the six months ended 30 June 2021.

The estimated consolidated net loss attributable to equity Shareholders for the six months ended 30 June 2022 was mainly attributable to (i) the impact from the ongoing development and knock on effects of COVID and the related containment measures, which have 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\$33 million and (iii) the increase in provision of doubtful debts on account receivables, for which the Group had encountered delays in rental collection for certain properties of the Group.

The Group is still in the course of preparing and finalising the unaudited financial results for the six months ended 30 June 2022. The information contained in this announcement is solely based on the preliminary assessment by the Board with reference to information currently available, including the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022, which have not been reviewed by the audit committee of the Company and has not been reviewed by the auditors of the Company. As such, the actual financial results of the Group for the said period are subject to adjustments and may be different from the information disclosed in this announcement.

**Further details of the Group’s financial results and performance will be disclosed in the interim results announcement of the Company for the six months ended 30 June 2022, which is expected to be published on 30 August 2022.**

## **CONTINUED SUSPENSION OF TRADING**

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

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

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

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

Hong Kong, 18 August 2022

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