天禧海嘉控股集團有限公司
SKY CHINAFORTUNE HOLDINGS GROUP LIMITED

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

(Incorporated in Hong Kong with limited liability)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Sky Chinafortune Holdings Group Limited (the "**Company**") announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 (the "**Year**") together with the corresponding comparative figures of last year. The Group's audited consolidated financial statements for the Year have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2019
(Expressed in Hong Kong dollars ("HK$"))

	Note	2019 HK$'000	2018 HK$'000 (Restated)
Continuing operations			
Revenue	*2*	**24,044**	24,349
Cost of sales		**(2,173)**	(2,486)
Gross profit		**21,871**	21,863
Other income	*4*	**1,640**	1,738
Administrative expenses		**(24,115)**	(21,413)
Net valuation gain/(loss) on investment properties		**10,621**	(3,824)
Profit/(loss) from operations		**10,017**	(1,636)
Finance costs	*5(a)*	**(85)**	—
Profit/(loss) before taxation	*5*	**9,932**	(1,636)
Income tax	*6*	**(5,395)**	(2,278)
Profit/(loss) for the year from continuing operations		**4,537**	(3,914)
Discontinued operation			
Loss for the year from discontinued operation, net of tax	*7*	**(9,707)**	(2,782)
Loss for the year attributable to equity shareholders of the Company		**(5,170)**	(6,696)
Loss per share (for continuing and discontinued operations)	*8*		
— Basic and diluted *(HK cents)*		**(1.50)**	(1.94)
Earnings/(loss) per share (for continuing operations)			
— Basic and diluted *(HK cents)*		**1.31**	(1.13)

Note:

(a) The Group has initially applied Hong Kong Financial Reporting Standard ("HKFRS") 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated, and the cumulate effect of initially applying HKFRS 16 is recognised in retained profits at the date of initial application. The comparative information has been re-presented due to a discontinued operation. See notes 1 and 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019
(Expressed in HK$)

	2019	2018
	HK$'000	*HK$'000*
Loss for the year	**(5,170)**	(6,696)
Other comprehensive income for the year (after tax)		
Item that may be reclassified subsequently to profit or loss, including the reclassification adjustments:		
Exchange difference arising from translation of financial statements of operations in foreign jurisdictions	**(10,628)**	(22,356)
Other comprehensive income for the year	**(10,628)**	(22,356)
Total comprehensive income for the year attributable to equity shareholders of the Company	**(15,798)**	(29,052)

Note:

(a) The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated, and the cumulate effect of initially applying HKFRS 16 is recognised in retained profits at the date of initial application. See note 1.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

(Expressed in HK$)

	Note	**2019**	2018
		HK$'000	*HK$'000*
Non-current assets			
Investment properties	*10*	**571,095**	544,491
Property, plant and equipment		**2,577**	9,390
Right-of-use assets		**4,990**	—
Trademarks		**152**	108
Trade and other receivables, prepayments and deposits	*11*	**9,584**	6,678
Deferred tax assets		**—**	87
		588,398	560,754
Current assets			
Properties held for sale		**1,189**	6,437
Trade and other receivables, prepayments and deposits	*11*	**6,756**	3,357
Tax recoverable		**92**	269
Short-term bank deposits		**56,616**	81,722
Bank balances and cash		**46,389**	59,038
		111,042	150,823

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2019
(Expressed in HK$)

	Note	2019 HK$'000	2018 HK$'000
Current liabilities			
Other payables and accrued expenses		**23,979**	25,987
Rental deposits received		**134**	265
Lease liabilities		**2,234**	—
Tax payable		—	207
		26,347	26,459
Net current assets		**84,695**	124,364
Total assets less current liabilities		**673,093**	685,118
Non-current liabilities			
Other payables and accrued expenses		—	1,403
Rental deposits received		**4,210**	4,050
Lease liabilities		**2,790**	—
Deferred tax liabilities		**80,279**	77,938
		87,279	83,391
NET ASSETS		**585,814**	601,727
CAPITAL AND RESERVES			
Share capital		**193,246**	193,246
Reserves		**392,568**	408,481
TOTAL EQUITY		**585,814**	601,727

Note:

(a) The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated, and the cumulate effect of initially applying HKFRS 16 is recognised in retained profits at the date of initial application. See note 1.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019
(Expressed in HK$)

	Share capital	Exchange reserve	Statutory reserve	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2018	193,246	92,571	72	344,890	630,779
Loss for the year	—	—	—	(6,696)	(6,696)
Other comprehensive income for the year					
— Exchange difference arising from translation of financial statements of operations in foreign jurisdictions	—	(22,356)	—	—	(22,356)
Total comprehensive income for the year	—	(22,356)	—	(6,696)	(29,052)
Transfer from retained profits	—	—	61	(61)	—
At 31 December 2018	193,246	70,215	133	338,133	601,727

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2019
(Expressed in HK$)

	Share capital *HK$'000*	Exchange reserve *HK$'000*	Statutory reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
Balance at 31 December 2018	193,246	70,215	133	338,133	601,727
Adjustment on initial application of HKFRS 16	—	—	—	(115)	(115)
Adjusted balance at 1 January 2019	193,246	70,215	133	338,018	601,612
Loss for the year	—	—	—	(5,170)	(5,170)
Other comprehensive income for the year					
— Exchange difference arising from translation of financial statements of operations in foreign jurisdictions	—	(10,628)	—	—	(10,628)
Total comprehensive income for the year	—	(10,628)	—	(5,170)	(15,798)
At 31 December 2019	193,246	59,587	133	332,848	585,814

Note:

(a) The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated, and the cumulate effect of initially applying HKFRS 16 is recognised in retained profits at the date of initial application. See note 1.

NOTES

For the year ended 31 December 2019

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial information relating to the years ended 31 December 2019 and 2018 included in this preliminary announcement of annual results for the year ended 31 December 2019 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The financial statements for the year ended 31 December 2019 have not been but will be delivered to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance in due course.

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

1.1 Accounting policies

(i) Changes in accounting policies

The Hong Kong Institute of Certified Public Accountants has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 16, *Leases*
- HK(IFRIC)-Int 23, *Uncertainty over Income Tax Treatments*
- Annual Improvements to HKFRSs 2015–2017 Cycle, *Amendments to HKFRS 3, Business Combinations; HKFRS 11 Joint Arrangements; HKAS 12 Income Taxes; and HKAS 23 Borrowing Costs*

Except for HKFRS 16, *Leases*, none of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

1.1 Accounting policies (Continued)

(i) Changes in accounting policies (Continued)

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, *Operating leases — incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has applied HKFRS 16 since 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(1) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

1.1 Accounting policies (Continued)

(i) Changes in accounting policies (Continued)

HKFRS 16, *Leases (Continued)*

(2) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

1.1 Accounting policies (Continued)

(i) Changes in accounting policies (Continued)

HKFRS 16, *Leases (Continued)*

(2) Lessee accounting (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(3) Lessor accounting

The Group leases out a number of properties as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17. The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements in this regard.

(ii) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal or termination options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal or termination options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise or not exercise the option. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

1.1 Accounting policies (Continued)

(iii) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.9%.

To ease the transition to HKFRS 16, the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. when the lease term ends on or before 31 December 2019.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as 1 January 2019:

	1 January 2019 *HK$'000*
Operating lease commitments at 31 December 2018	17,519
Less: commitments relating to leases exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(584)
— leases of low-value assets	(17)
	16,918
Less: total future interest expenses	(2,584)
Total lease liabilities recognised at 1 January 2019	14,334

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

1.1 Accounting policies (Continued)

(iii) Transitional impact (Continued)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	Capitalisation of operating lease contracts	Carrying amount at 1 January 2019
	HK$'000	*HK$'000*	*HK$'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Right-of-use assets	—	12,553	12,553
Total non-current assets	560,754	12,553	573,307
Other payables and accrued expenses	25,987	(1,666)	24,321
Lease liabilities (current)	—	746	746
Current liabilities	26,459	(920)	25,539
Net current assets	124,364	920	125,284
Total assets less current liabilities	685,118	13,473	698,591
Lease liabilities (non-current)	—	13,588	13,588
Total non-current liabilities	83,391	13,588	96,979
Net assets	601,727	(115)	601,612
Retained profits	338,133	(115)	338,018
Total equity	601,727	(115)	601,612

Impact on the financial result and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported profit from continuing operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

1.1 Accounting policies (Continued)

(iii) Transitional impact (Continued)

Impact on the financial result and cash flows of the Group (Continued)

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial results and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply to 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16 (A)	Add back: HKFRS 16 depreciation, interest expense and gain from early termination of a lease (B)	Deduct: Estimated rental expenses and gain from early termination of a lease as if under HKAS 17 (C)	Hypothetical amounts for 2019 as if under HKAS 17 (D=A+B+C)	Compared to amounts reported for 2018 under HKAS 17
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial result for the year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Continuing operations:					
Administrative expenses	(24,115)	1,461	(1,514)	(24,168)	(21,413)
Profit/(loss) from operations	10,017	1,461	(1,514)	9,964	(1,636)
Finance costs	(85)	85	—	—	—
Profit/(loss) before taxation	9,932	1,546	(1,514)	9,964	(1,636)
Profit/(loss) for the year from continuing operations	4,537	1,546	(1,514)	4,569	(3,914)
Loss for the year from discontinued operation	(9,707)	(811)	696	(9,822)	(2,782)
Loss for the year attributable to equity shareholders of the Company	(5,170)	735	(818)	(5,253)	(6,696)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

1.1 Accounting policies (Continued)

(iii) Transitional impact (Continued)

	2019			2018
	Amounts reported under HKFRS 16 (A)	Estimated amounts as if under HKAS 17 (B)	Hypothetical amounts for 2019 as if under HKAS 17 (C=A+B)	Compared to amounts reported for 2018 under HKAS 17
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Line items in the consolidated cash flow statement for year ended 31 December 2019 impacted by the adoption of HKFRS 16:				
Net cash used in operating activities	(10,860)	(2,474)	(13,334)	(2,714)
Capital element of lease rentals paid	(2,383)	2,383	—	—
Interest element of lease rentals paid	(91)	91	—	—
Net cash used in financing activities	(2,474)	2,474	—	—

2. REVENUE

Revenue represents rental income earned during the year.

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

From continuing operations	**2019**	2018
	HK$'000	*HK$'000*
Shops	**21,175**	21,377
Residential	**2,350**	2,430
Car parking spaces	**519**	542
	24,044	24,349

For the year ended 31 December 2019, revenue from two (2018: two) customers of the Group's property investment in the PRC segment amounted to HK$14,153,000 and HK$3,450,000 (2018: HK$14,058,000 and HK$3,599,000), which each exceeded 10% of the Group's revenue.

3. SEGMENT INFORMATION

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

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

Continuing operations

(1) Property investment in the PRC — leasing of properties situated in the PRC

(2) Trading of properties — sale of properties situated in the PRC including the short-term leasing of properties held for sales

(3) Retail business — sale of Chinese liquor and wine, and everyday items

The Group decided to develop the retail business in late 2019 and classified this as a new segment in 2019.

Discontinued operation

(1) Automobile business — sale of cars and the provision of tertiary services in the PRC

The Group ceased the operation of automobile business segment during the year ended 31 December 2019. The deregistration of entities within this segment will be completed in first half of 2020. The result of the automobile business segment from 1 January 2019 to 31 December 2019 was classified as discontinued operation accordingly. The discontinued operation has resulted in a change in the Group's structure and therefore its composition of reporting segment. The comparative figures of segment disclosure have been re-presented to conform to current year presentation.

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 year ended 31 December 2019 (2018: 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 income tax expense.

3. SEGMENT INFORMATION (CONTINUED)

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

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

— all liabilities are allocated to reportable segments other than the Group headquarters' corporate liabilities.

Information regarding the above segments is reported below.

Segment revenue and results

	Continuing operations				**Discontinued operation**
	Property investment in the PRC	**Trading of properties**	**Retail business**	**Total**	**Automobile business**
	HK\$'000	***HK\$'000***	***HK\$'000***	***HK\$'000***	***HK\$'000***
For the year ended 31 December 2019					
Reportable segment revenue	**23,753**	**291**	**—**	**24,044**	**—**
Reportable segment profit/(loss) after tax	**21,583**	**242**	**(1,627)**	**20,198**	**(9,707)**
Net corporate expenses				**(15,518)**	**—**
Unallocated finance cost				**(72)**	**—**
Unallocated income tax expense				**(71)**	**—**
Profit/(loss) for the year				**4,537**	**(9,707)**

	Continuing operations			Discontinued operation
	Property investment in the PRC	Trading of properties	Total	Automobile business
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*
For the year ended 31 December 2018				
Reportable segment revenue	23,819	530	24,349	—
Reportable segment profit/(loss) after tax	11,559	(206)	11,353	(2,782)
Net corporate expenses			(15,201)	—
Unallocated income tax expense			(66)	—
Loss for the year			(3,914)	(2,782)

3. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	Continuing operations				Discontinued operation	
	Property investment in the PRC *HK$'000*	Trading of properties *HK$'000*	Retail business *HK$'000*	Sub-total *HK$'000*	Automobile business *HK$'000*	Total *HK$'000*
At 31 December 2019						
Reportable segment assets	**589,393**	**1,195**	**7,963**	**598,551**	**1,346**	**599,897**
Unallocated corporate assets				**99,543**	—	**99,543**
Consolidated total assets				**698,094**	**1,346**	**699,440**
Reportable segment liabilities	**90,045**	**15,344**	**3,409**	**108,798**	—	**108,798**
Unallocated corporate liabilities				**4,828**	—	**4,828**
Consolidated total liabilities				**113,626**	—	**113,626**

	Continuing operations			Discontinued operation	
	Property investment in the PRC *HK$'000*	Trading of properties *HK$'000*	Sub-total *HK$'000*	Automobile business *HK$'000*	Total *HK$'000*
At 31 December 2018					
Reportable segment assets	590,688	6,470	597,158	14,699	611,857
Unallocated corporate assets			99,720	—	99,720
Consolidated total assets			696,878	14,699	711,577
Reportable segment liabilities	87,779	15,816	103,595	3,568	107,163
Unallocated corporate liabilities			2,687	—	2,687
Consolidated total liabilities			106,282	3,568	109,850

3. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

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

Other segment information

	Continuing operations					Discontinued operation
	Property investment in the PRC *HK$'000*	Trading of properties *HK$'000*	Retail business *HK$'000*	Corporate/ Unallocated *HK$'000*	Total *HK$'000*	Automobile business *HK$'000*
For the year ended 31 December 2019						
Additions to property, plant and equipment	55	—	90	1,445	1,590	395
Additions to investment properties	22,850	—	—	—	22,850	—
Additions to trademarks	—	—	—	62	62	—
Amortisation of trademarks	—	—	—	17	17	—
Depreciation of property, plant and equipment	173	—	3	839	1,015	6
Depreciation of right-of-use asset	—	—	52	1,409	1,461	988
Gain from early termination of a lease	—	—	—	—	—	(2,159)
Loss on disposal of property, plant and equipment	—	—	—	—	—	7,722
Write-off of other receivables	—	—	—	—	—	262
Net valuation gain on investment properties	(10,621)	—	—	—	(10,621)	—
Net exchange loss	—	—	—	237	237	—
Bank interest income *(note 4)*	(49)	—	—	(1,582)	(1,631)	(11)
Income tax expense/(credit) *(note 6)*	5,409	(87)	2	71	5,395	—

3. SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

	Continuing operations				Discontinued operation
	Property investment in the PRC *HK$'000*	Trading of properties *HK$'000*	Corporate/ Unallocated *HK$'000*	Total *HK$'000*	Automobile business *HK$'000*
For the year ended 31 December 2018					
Additions to property, plant and equipment	36	—	209	245	7,642
Amortisation of trademarks	—	—	13	13	—
Depreciation of property, plant and equipment	282	—	665	947	1
Loss on disposal of property, plant and equipment	1	—	—	1	—
Net valuation loss on investment properties	3,824	—	—	3,824	—
Net exchange loss	1	—	778	779	—
Bank interest income *(note 4)*	(352)	—	(1,208)	(1,560)	(13)
Other interest income *(note 4)*	—	—	(163)	(163)	—
Income tax expense *(note 6)*	2,102	110	66	2,278	—

Geographical information

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

4. OTHER INCOME

From continuing operations

	2019 *HK$'000*	2018 *HK$'000* (Restated)
Bank interest income	**1,631**	1,560
Other interest income	**—**	163
Sundry	**9**	15
	1,640	1,738

5. PROFIT/(LOSS) BEFORE TAXATION

From continuing operations

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

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
(a) Finance costs		
Interest on leases liabilities	**85**	—

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	**11,871**	11,680
Contributions to defined contribution retirement plans *(note)*	**928**	714
	12,799	12,394

Note:

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

For members of the MPF Scheme, both the Group and the employees contribute 5% of the employee's monthly remunerations or HK$1,500 (2018: HK$1,500) per month, whichever is the smaller to the MPF Scheme. Contributions to the plan vest immediately. No forfeited contribution is available to reduce the contribution payable for the years ended 31 December 2019 and 2018.

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

For continuing operations, the total cost charged to profit or loss of HK$928,000 (2018: HK$714,000) represented contributions paid/payable to the above retirement benefit schemes, by the Group during the year ended 31 December 2019.

5. PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)

From continuing operations (Continued)

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
(c) Other items		
Auditor's remuneration	**1,450**	1,350
Amortisation of trademarks *(note 3)*	**17**	13
Depreciation		
— Owned property, plant and equipment	**1,015**	947
— right-of-use assets	**1,461**	—
Loss on disposal of property, plant and equipment	**—**	1
Operating lease charges in respects of land and buildings	**—**	1,442
Short-term leases charges in respects of land and buildings	**960**	358
Net exchange loss	**237**	779
Gross rental income	**(24,044)**	(24,349)
Less: direct operating expenses	**2,173**	2,486
Net rental income	**(21,871)**	(21,863)

6. INCOME TAX

From continuing operations

Income tax represents:

	2019	2018
	HK$'000	*HK$'000*
Current tax — PRC Enterprise Income Tax	**1,330**	1,690
Deferred tax	**4,065**	558
Under-provision in prior years	**—**	30
Income tax expense	**5,395**	2,278

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%.

6. INCOME TAX (CONTINUED)

From continuing operations (Continued)

Accordingly, the provision for Hong Kong Profits Tax for the year ended 31 December 2019 is calculated in accordance with the two-tiered profits tax rate regime (2018: a single tax rate of 16.5% was applied). The deferred tax has also been re-estimated. No provision was made for Hong Kong Profits Tax as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2019 and 2018.

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

Enterprise Income Tax arising from certain Hong Kong subsidiaries' operations in the PRC is calculated at tax rate of 10% (2018: 10%) on the rental income earned by these Hong Kong subsidiaries for the year.

7. DISCONTINUED OPERATION

The retail market for automobiles in the PRC has been seriously affected by the reduction of government subsidies for new energy vehicles and the trade conflict between China and U.S., the Group ceased the operation in automobile business segment in 2019. The deregistration of entities comprising this segment was applied to the relevant PRC authorities in 2019 and it is expected that the deregistration will be completed in the first half of 2020. The consolidated results of the discontinued operation for the period from 1 January 2019 to 31 December 2019 have been presented as discontinued operation in the consolidated financial statements in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations and the comparative figures of the consolidated statement of profit or loss and corresponding notes have been restated to show the discontinued operation separately from continuing operations.

(a) Results of discontinued operation:

	2019 ***HK$'000***	2018 *HK$'000*
Revenue	**—**	—
Cost of sales	**—**	—
Gross profit	**—**	—
Other income	**2,170**	13
Administrative expenses	**(11,517)**	(2,795)
Loss from operations	**(9,347)**	(2,782)
Finance costs	**(360)**	—
Loss before taxation	**(9,707)**	(2,782)
Income tax	**—**	—
Loss for the year from discontinued operation	**(9,707)**	(2,782)
Basic and diluted loss per share (HK cents)	**(2.81)**	(0.81)

7. DISCONTINUED OPERATION (CONTINUED)

(a) Results of discontinued operation: (Continued)

Due to the cessation of the automobile business segment, the Group made full provision and wrote off property, plant and equipment and other receivables of HK$7,722,000 and HK$262,000, respectively, of the automobile business segment that are not expected to be recoverable.

The Group has initially applied HKFRS 16 in relation to the leases. The Group exercised the early termination option of a lease agreement for the automobile segment. Gain of HK$2,159,000 on reversal of lease liabilities of HK$13,682,000 in excess of the carrying value of right-of-use asset of HK$11,523,000 was recognised in the profit or loss because of the early termination.

The calculation of basic loss per share from discontinued operation of HK2.81 cents (2018: HK0.81 cents) is based on the loss for the year from discontinued operation attributable to the equity shareholders of the Company of HK$9,707,000 (2018: HK$2,782,000) and the weighted average number of ordinary shares for basic loss per share as disclosed in note 8.

There was no difference between the basic and diluted loss per share as there were no dilutive potential shares outstanding for the years presented.

(b) Cash flows generated from discontinued operation:

	2019 ***HK$'000***	2018 *HK$'000*
Net cash used in operating activities	**(3,914)**	(3,119)
Net cash used in investing activities	**(384)**	(3,925)
Net cash used in financing activities	**(963)**	—
Net cash flows used in discontinued operation for the year	**(5,261)**	(7,044)

8. (LOSS)/EARNINGS PER SHARE

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

	2019 Continuing operations *HK$'000*	**2019 Discontinued operation** *HK$'000*	**2019 Total** *HK$'000*	2018 Continuing operations *HK$'000*	2018 Discontinued operation *HK$'000*	2018 Total *HK$'000*
Profit/(loss) for the year attributable to equity shareholders of the Company	**4,537**	**(9,707)**	**(5,170)**	(3,914)	(2,782)	(6,696)

	Number of shares	
	2019	2018
Weighted average number of ordinary shares in issue during the year	**345,374,910**	345,374,910

For the years ended 31 December 2019 and 2018, basic and diluted loss per share are equal as there were no potential dilutive ordinary shares in issue.

9. DIVIDENDS

The Board does not recommend the payment of a final dividend for the years ended 31 December 2019 and 2018.

10. INVESTMENT PROPERTIES

In April 2019, the Group acquired 11 contiguous double-deck shop units in Anshan City of HK$22,850,000 from Liaoning Jijia Property Development Co., Limited (遼寧集佳房屋開發有限公司) ("Liaoning Jijia") and classified these properties as investment properties. The mother of Mr. Jiang Tian ("Mr. Jiang") (the chairman, the executive director and the controlling shareholder of the Company) is a supervisor of Liaoning Jijia. Liaoning Jijia is indirectly held by two individuals, Mr. Lu (呂林橋) and Ms. Du (杜巧玲). Mr. Lu is the grandson of Mr. Jiang's great-grandfather's brother and Ms. Du is the cousin of Mr. Jiang's mother. Despite the above disclosed relationship, the management of the Company considers that Liaoning Jijia is an independent third party.

11. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2019	2018
	HK$'000	*HK$'000*
Rent receivables, net *(note (a))*	**2,305**	1,430
Accrued rent receivables *(note (b))*	**8,134**	6,494
Prepayments, deposits and other receivables, net *(note (b))*	**5,901**	2,111
Carrying amount at 31 December	**16,340**	10,035
Less: Current portion	**(6,756)**	(3,357)
Non-current portion	**9,584**	6,678

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

(a) Trade receivables

	2019	2018
	HK$'000	*HK$'000*
Rent receivables	**2,305**	1,532
Less: Loss allowance	**—**	(102)
Rent receivables, net	**2,305**	1,430

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

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

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**1,337**	1,430
31–60 days	**968**	—
	2,305	1,430

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

(b) Prepayments, deposits and other receivables

	2019	2018
	HK$'000	*HK$'000*
Prepayments and deposits	**4,372**	1,728
Accrued rent receivables	**8,134**	6,494
Other receivables	**1,529**	383
	14,035	8,605

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

12. EVENT AFTER THE REPORTING DATE

After the outbreak of coronavirus disease (COVID-19) in the PRC (the "**Coronavirus Outbreak**") in or around early 2020, certain precautionary and control measures were implemented across the PRC. At the request of the tenants, the Group has been engaging in negotiations with them to explore possible arrangements whereby the short-term burden of the tenants can be lightened temporarily and make efforts to tide over the hard times together with the tenants. Subject to the outcome of the aforesaid ongoing negotiations and the resulting arrangements, it is expected that the revenue for the year ending 31 December 2020 will be affected. The Group will closely monitor the development of the Coronavirus Outbreak and evaluate its impact on the financial performance of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Review

During the Year, rental income generated from properties in the People's Republic of China (the "**PRC**") continued to be the major source of the Group's total revenue. Revenue of the Group attributable to the continuing operations decreased by approximately HK$0.31 million to approximately HK$24.04 million.

During the Year, the Group had entered into leasing contracts relating to two properties located in Shanghai, the PRC with independent third parties. In addition, due to a change in intention of one property located in Hainan, the PRC, such property was reclassified to be for the purpose of long-term investment. The said three properties were previously measured at the lower of cost and net realisable value and given the aforesaid circumstances has now been reclassified as investment properties and measured at fair value in accordance with the HKFRS. The change in fair value of properties transferred from held-for-sales to investment properties was approximately HK$14.33 million. As a result, profit for the Year from continuing operations increased by approximately 215.92%.

For the Year, basic and diluted earnings per share of the Company (the "**Share**") from continuing operations was HK1.31 cents (2018: basic and diluted loss per Share from continuing operations was HK1.13 cents).

Business Review

Continuing operations

Property business

Residential premises

For the Year, the Group generated revenue of approximately HK$2.35 million (2018: approximately HK$2.43 million) from the leasing of residential premises. The average occupancy rate per unit was approximately 86.98% for the Year (2018: approximately 85.42%). The occupancy rate per unit as at 31 December 2019 was approximately 93.75% (as at 31 December 2018: 81.25%). As at 31 December 2019, 15 residential premises (as at 31 December 2018: 12 residential premises) were classified as investment properties, which were valued by an independent professional valuer. The fair value gain on investment properties was approximately HK$11.80 million for the Year (2018: fair value loss on investment properties of approximately HK$8.00 million). As at 31 December 2019, 1 residential premise (as at 31 December 2018: 4 residential premises) was classified as a property held for sale, which was measured at the lower of cost and net realisable value.

Shops and car parks

During the Year, the Group entered into sale and purchase agreements to acquire 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, at a cash consideration (tax inclusive) of approximately HK$22.85 million (the "**Acquisitions**"). The Acquisitions will help expand the Group's property-related business, broaden the revenue base by generating more rental income and strengthen the property portfolio of the Group.

For the Year, the Group generated revenue of approximately HK$21.69 million (2018: approximately HK$21.92 million) from leasing of shop lots and car parking spaces. The average occupancy rate per unit dropped to approximately 51.47% for the Year (2018: 100.00%) as the shops acquired under the Acquisitions were vacant pending for lease at the relevant time. As at 31 December 2019, all shop lots and car parking spaces were classified as investment properties which were valued by an independent professional valuer. The fair value loss on investment properties was recorded at approximately HK$1.18 million for the Year (2018: fair value gain on investment properties at approximately HK$4.18 million).

Retail business

The Group has commenced the preparation works for this new business segment in late 2019, such as (a) identifying suitable locations in Shanghai for (i) retail sales of a variety of Chinese liquor and wine, and (ii) preparing for the opening of its first convenient store, and (b) recruiting staff for the above new businesses. However, in light of the recent outbreak of coronavirus disease (COVID-19) in the PRC since December 2019 (the "**Coronavirus Outbreak**"), business activities, in particular retail businesses, have been seriously affected which directly affected the timing in the opening of the convenient store, which was originally scheduled to be in the first half of 2020. During the Year, this business segment did not generate any revenue (2018: Nil) and recorded a loss after tax of approximately HK$1.63 million (2018: Nil), which was mainly attributable to the rental expenses and staff costs incurred.

Discontinued Operation

Automobile business

As a result of the ongoing US-China trade tension, the PRC's economy had been affected amid various uncertainties and the automobile retail market in the PRC was adversely affected with a substantial drop in sales volume. It has been tough for Chinese automobile retailers as the automobile industry as a whole has experienced weaker consumer demand and the new energy vehicles ("**NEVs**") retail market is further aggravated by the drastic cuts in government subsidies on NEVs, which forced electric-vehicle makers to raise prices beyond the affordability of most entry-level buyers amidst such weak demand. Taking into account of the adverse factors, the

Group has decided, and taken action, to cease this business segment and the underlying operation during the second half of the Year. For the Year, this business segment had not generated any revenue and recorded a loss after tax of approximately HK$9.71 million (2018: approximately HK$2.78 million), which was mainly attributable to the full provision and write-off of approximately HK$7.98 million (2018: Nil) that was recognised on property, plant and equipment and other receivables.

Regional Information

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

Prospects

During the Year, global political relationships and the economic environment have become more volatile, which heightened uncertainties and affected the global economic outlook. If the US-China trade conflict continues to escalate, this will not only affect the PRC and Hong Kong exports and retail markets, but also dampen local investments and private consumption.

In light of the Coronavirus Outbreak, business activities in the PRC are expected to be temporarily and adversely affected to various degrees in the first half of 2020. With a view to contain the Coronavirus Outbreak, among other measures, the PRC government had extended the resumption date of work after the Lunar New Year holiday to late February/early March 2020, imposed certain quarantine measures across various cities but many corporations have allowed their employees to work from home with a view to minimise the impact (the "**Control Measures**"). Although these Control Measures are beginning to contain the Coronavirus Outbreak locally, the risks of imported cases have been increasing, the PRC government is cautiously monitoring the ongoing situation with a view to resume economic activities to normal as soon as practicable. Although the business environment is expected to be challenging amid the US-China trade tension and the recovery from the Coronavirus Outbreak may take time, the Group will continue to act prudently to navigate through the challenges ahead. At the request of the tenants, the Group has been engaging in negotiations with them to explore possible arrangements whereby the short-term burden of the tenants can be lightened temporarily and make efforts to tide over the hard times together with the tenants in light of the Coronavirus Outbreak. The Group will continue to assess the feasibility of these arrangements subject to the development of the Coronavirus Outbreak and the measures introduced by the PRC government. As a result of the above, subject to the finalisation and terms of these arrangements, it is expected that the revenue to be recorded by the Group for the year ending 31 December 2020 will be affected.

In addition, the Group will continue to closely monitor and review the leasing strategies from time to time. The Group is actively exploring other business opportunities (e.g. the domestic retail market in the PRC). For the retail business, the retail shop selling Chinese liquor and wine was opened in early 2020 and the preparation work for the opening of a convenient store has commenced in 2020. The Group is committed to diversifying its revenue stream to further enhance the Company's performance and optimise the return for its shareholders.

Looking into 2020, the Board will continue to commit to good corporate governance practices which promotes the long-term interest of stakeholders, strengthens the Board and management accountability and help to build up public trust. The Board follows strictly with the updated and expected standards of corporate ethics and governance. In addition, we also honour our corporate social responsibilities by addressing the needs of our staff and contributing to the community. Both the management and employees had enjoyed the charitable and other community contributing events during the Year very much.

Lastly, in view of the Group's operating results, the Board did not recommend the payment of a final dividend in respect of the Year.

Despite this, the Company will strive to further enhance the Company's performance and optimise the return for the shareholders.

Financial Review

Continuing Operations

Revenue of the Group for the Year decreased slightly by approximately HK$0.31 million to approximately HK$24.04 million (2018: approximately HK$24.35 million). The Group maintained a stable revenue which was generated from rental income for the Year and year ended 31 December 2018.

Our gross profit was approximately HK$21.87 million (2018: approximately HK$21.86 million) for the Year, while gross profit margin was approximately 90.96% (2018: approximately 89.79%). The gross profit margin had increased as compared with the year ended 31 December 2018 due to property tax incentives in the PRC.

Other net income was approximately HK$1.64 million for the Year (2018: approximately HK$1.74 million). Such decrease was mainly due to the one-off interest income received from a secured three-month short-term loan by an independent third party in 2018.

Administrative expenses mainly comprised of salaries and benefits including Directors' emoluments, depreciation of property, plant and equipment, depreciation charge of right-of-use assets, legal and professional expenses and other office expenses. Administrative expenses for the Year and the year ended 31 December 2018 were approximately HK$24.12 million and HK$21.41 million, respectively, representing an increase of approximately HK$2.71 million from last year. Such increase was mainly due to (i) an increase in the average wages and salaries; and (ii) an increase in depreciation charge of right-of-use assets due to an additional venue for the retail business.

Profit for the Year attributable to owners of the Company from continuing operations amounted to approximately HK$4.54 million (2018: loss of approximately HK$3.91 million). The notable improvement in financial results from continuing operations was mainly due to the increase in the fair value of properties transferred from a property held for sale to investment property of approximately HK$14.33 million, which was partially offset by the expenses of approximately HK$1.63 million incurred for the retail businesses.

Discontinued operation

The retail market for automobiles in the PRC has been seriously affected by the impact of the reduction of government subsidies for NEVs and the trade conflict between the China and U.S., the Group ceased the operation of its automobile business segment in 2019. The deregistration of entities within this segment is expected to be completed in the first half of 2020. The result of the automobile business segment from 1 January 2019 to 31 December 2019 was classified as discontinued operations accordingly. For the Year, no revenue was generated from this business segment, and recorded a loss after tax of approximately HK$9.71 million (2018: approximately HK$2.78 million).

Liquidity and Financial Resources

As at 31 December 2019, the Group's current ratio was approximately 4.21 (2018: approximately 5.70), calculated on the basis of current assets of approximately HK$111.04 million (2018: approximately HK$150.82 million) over current liabilities of approximately HK$26.35 million (2018: approximately HK$26.46 million).

As at 31 December 2019, total short-term bank deposit, bank balances and cash on hand, which were mainly denominated in Hong Kong dollars and Renminbi, were approximately HK$103.01 million (2018: approximately HK$140.76 million).

Gearing Ratio

As at 31 December 2019, the Group's gearing ratio was nil (2018: Nil), due to no bank borrowings of the Group (2018: Nil) and total assets of the Group was approximately HK$699.44 million (2018: approximately HK$711.58 million).

Capital Commitment

As at 31 December 2019, the Group had capital commitments of approximately HK$0.11 million for retail business (2018: approximately HK$1.52 million for renovation for leasehold improvements).

Charges on Assets

As at 31 December 2019, the Group did not have any charges on its assets (2018: Nil).

Future Plans for Material Investments or Capital Assets

The Group is actively exploring other business opportunities in the domestic market in the PRC. The Group has (i) opened a retail shop selling Chinese liquor and wine; and (ii) commenced preparation work for the convenient store, both in Shanghai in 2020. The Group believes that, by expanding into the retail industry, the Group can take advantage of the increasing domestic demand in this industry (despite the Coronavirus Outbreak) and will provide a prime opportunity for the Group to diversify its revenue stream and bring better return to the shareholders of the Company, which is expected to benefit the Company and the shareholders of the Company 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.

Key Risks and Uncertainties

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

Foreign Exchange Risk

During the Year, most of the Group's business transactions were conducted in Hong Kong dollars and Renminbi. 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 did not engage in any hedging activity during the Year.

Liquidity Risk

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

Operational Risk

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

Impact of Government Policies and Regulations

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

Manpower and Retention Risk

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

Third-Party Risk

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

Business Risk

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

Significant Investments

During the Year, the Group did not have any significant investments (2018: Nil).

Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures

Save for the Acquisitions, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Year.

Compliance with Laws and Regulations

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

Relationships with Stakeholders

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

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

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2019, the Group employed 31 employees (2018: 21) with staff costs excluding the non-executive Director and independent non-executive Directors for the Year amounting to approximately HK$12.72 million (2018: approximately HK$11.93 million). Remuneration policies are reviewed annually by the management of the Company. Remuneration packages are structured to take into account comparable levels in market and the prevailing business scale of the Group. The Company also operates a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme was adopted and approved by the shareholders of the Company on 14 May 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

No options had been granted under the Scheme since its adoption.

CONTINGENT LIABILITY

The Group had no material contingent liability as at 31 December 2019 (2018: Nil).

ENVIRONMENTAL POLICIES

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

TREASURY POLICIES

The Group adopts a treasury policy that aims to better control its treasury operations and lower its borrowing 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 needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The time deposits of the Group at various licensed banks have been and will continue to be conducted in accordance with the Group's treasury policy. The Board reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year (2018: Nil).

CLOSURE OF REGISTER OF MEMBERS FOR AGM

For the purpose of determining the rights to attend and vote at the Company's forthcoming annual general meeting to be held on Friday, 5 June 2020 (the "**AGM**"), the register of members of the Company will be closed from Monday, 1 June 2020 to Friday, 5 June 2020 (both days inclusive), during which period no transfer of shares of the Company will be effected. The shareholders of the Company whose names appear on the register of members of the Company on Friday, 5 June 2020 will be entitled to attend and vote at the AGM. In order to be entitled to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration no later than 4:00 p.m. on Friday, 29 May 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

FUND RAISING

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$74.42 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 31 December 2019 are set out as follows:

Fund raising activities	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds up to 31 December 2019	Unutilized proceeds	Expected timeline for utilised net proceeds
First Placing	Approximately HK$74.72 million	For			By 2021
		(i) general working capital; and/or	(i) Approximately HK$37.46 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	Approximately HK$14.41 million will be applied as general working capital of the Group	
		(ii) financing future investment or new business development as and when opportunities arise	(ii) Approximately HK$22.85 million had been used for the settlement of the consideration of the Acquisition and its related taxes and expenses	Nil	
Second Placing	Approximately HK$46.67 million	For			
		(i) general working capital; and/or	(i) Nil; and		
		(ii) financing future investment or new business development as and when opportunities arise	(ii) Approximately HK$12.31 million had been used for the automobile business and the Automobile City	Approximately HK$34.36 million will be used as intended for financing new business development when the opportunity arises	By 2022

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") during the Year, except for the deviation from code provision A.2.1 as discussed below.

Code provision A.2.1 of the CG Code stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual. With the support of the company secretary of the Company, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and received adequate and reliable information on a timely basis.

During the Year, Mr. JIANG Tian served as both the Chairman and the Chief Executive, such practice deviated from code provision A.2.1 of the CG Code. The Board believed that vesting the roles of both the Chairman and the Chief Executive in the same person can facilitate the effective execution of the Group's business strategies and operation.

The Company has been in compliance with code provision A.2.1 of the CG Code when Mr. JIANG Tian ceased to act as the Chief Executive and Ms. HOU Yingxuan was appointed as the Chief Executive since 6 January 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") 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 complied with the required standards set out in the Model Code throughout the Year.

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

SCOPE OF WORK OF KPMG ON THIS FINAL RESULTS ANNOUNCEMENT

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the Year as set out in this final results announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

AUDIT COMMITTEE

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

CHANGE OF COMPANY NAME

Subsequent to the passing of the special resolution approving the proposed change of company name by the shareholders of the Company at the extraordinary general meeting of the Company which was held on 5 June 2019, the Hong Kong Companies Registry has issued the Certificate of Change of Name dated 28 June 2019 confirming that the change of name of the Company from "Great China Holdings Limited (大中華集團有限公司)" to "Sky Chinafortune Holdings Group Limited (天禧海嘉控股集團有限公司)" has become effective on 28 June 2019. The stock short name of the Company has been changed from "GREAT CHINA" in English and "大中華集團" in Chinese to "SKYCHINAFORTUNE" in English and "天禧海嘉控股"in Chinese, for trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 9 July 2019. The stock code of the Company on the Stock Exchange has remained unchanged as "141". The website of the Company has changed from "www.greatchina-holdings.com" to "www.skychinafortune.com" with effect from 9 July 2019. All announcements, notices or other documents to be submitted by the Company for publication on the Stock Exchange's website will also be published on this new website of the Company. Details of the change of name of the Company were set out in the circular of the Company dated 10 May 2019 and the announcements of the Company dated 8 May 2019, 5 June 2019 and 4 July 2019, respectively.

EVENT AFTER THE REPORTING PERIOD

After the Coronavirus Outbreak in or around early 2020, certain precautionary and control measures were implemented across the PRC. At the request of the tenants, the Group has been engaging in negotiations with them to explore possible arrangements whereby the short-term burden of the tenants can be lightened temporarily and make efforts to tide over the hard times together with the tenants. Subject to the outcome of the aforesaid ongoing negotiations and the resulting arrangements, it is expected that the revenue to be recorded by the Group for the year ending 31 December 2020 will be affected. The Group will closely monitor the development of the Coronavirus Outbreak and evaluate its impact on the financial performance of the Group.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.skychinafortune.com. An annual report of the Company, containing information required by the Listing Rules, will be despatched to the shareholders of the Company and will be published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Hong Kong, 26 March 2020

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