China Fortune Holdings Limited
中國長遠控股有限公司*

(Incorporated in Bermuda with limited liability, carrying on business in H.K. as CFH Limited)

(Stock Code: 110)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the "Board") of China Fortune Holdings Limited (the "Company") announces the consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2022, together with the comparative figures as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	4	**80,576**	79,172
Cost of sales		**(80,273)**	(79,034)
Gross profit		**303**	138
Other income		**2,385**	1,019
Other gains and losses, net	5	**(1,687)**	472
Selling and distribution costs		**(405)**	(324)
Administrative expenses		**(20,829)**	(15,319)
Finance costs	6	**(160)**	(185)
Share of results of an associate		**7**	(74)
Loss before income tax	8	**(20,386)**	(14,273)
Income tax expense	7	**(3)**	(1)
Loss for the year		**(20,389)**	(14,274)
Other comprehensive (expenses)/income that may be subsequently transferred to profit or loss			
Exchange differences arising on translation from functional currency to presentation currency		**(722)**	72
Share of exchange differences of an associate		**(198)**	16
Release of translation reserve upon disposal of a subsidiary		**148**	–
Total comprehensive expenses for the year		**(21,161)**	(14,186)

	Notes	**2022** ***HK$'000***	2021 *HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(14,372)**	(9,928)
Non-controlling interests		**(6,017)**	(4,346)
		(20,389)	(14,274)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(18,166)**	(8,686)
Non-controlling interests		**(2,995)**	(5,500)
		(21,161)	(14,186)
LOSS PER SHARE			
Basic and diluted	*9*	**(7.83 cents)**	(5.65 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-Current Assets			
Plant and equipment		**49**	48
Mining right		**–**	–
Right-of-use assets		**980**	1,049
Interests in associates		**2,566**	2,757
Financial assets at fair value through profit or loss		**2,109**	2,578
Club memberships		**875**	893
		6,579	7,325
Current Assets			
Inventories		**924**	–
Trade and other receivables	*10*	**1,278**	7,830
Amounts due from non-controlling shareholders of subsidiaries		**184**	137
Financial assets at fair value through profit or loss		**557**	716
Cash and cash equivalents		**6,225**	31,504
		9,168	40,187
Current Liabilities			
Trade and other payables	*11*	**21,051**	26,360
Amounts due to a related party		**313**	6,460
Amounts due to non-controlling shareholders of subsidiaries		**973**	481
Tax payables		**1,759**	1,910
Lease liabilities		**535**	957
		24,631	36,168
Net Current (Liabilities)/Assets		**(15,463)**	4,019
Total Assets less Current Liabilities		**(8,884)**	11,344

	2022	2021
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**1,836**	1,836
Reserves	**33,852**	52,018
Equity attributable to owners of the Company	**35,688**	53,854
Non-controlling interests	**(45,038)**	(42,715)
	(9,350)	11,139
Non-Current Liabilities		
Lease liabilities	**466**	205
	466	205
Total equity and liabilities	**(8,884)**	11,344

Notes:

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended). The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of the Group are distribution and trading of mobile phones and related accessories and mining and processing of celestite, zinc and lead minerals.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKAS 16	Property, plant and Equipment — Proceeds before Intended Use
Amendment to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if participants would take those characteristics into account when pricing the asset or liability market at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Going concern assessment

Despite the fact that during the year, the Group has incurred a loss attributable to the owner of the Company of approximately HK$14,372,000 (2021: HK$9,928,000) and a net operating cash outflow of approximately HK$15,398,000 (2021: HK$13,047,000), the directors of the Company are of the opinion that the Group will have adequate funds to finance its future financing requirements and working capital based on the following measures and plans:

- The Company obtained a letter of support dated 27 March 2023 from Mr. Lau Siu Ying that he agrees to provide sufficient funds to the Group so that the Group will be able to meet all the liabilities and financial obligations as and when they fall due in the coming twelve months from 31 December 2022;

- On 27 March 2023, the Company entered into subscription agreements with independent third parties (the "Subscribers"), pursuant to which the Subscribers has conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 18,000,000 shares of HK$0.26 each for a cash consideration of approximately HK$4.68 million ("the Subscriptions"). At the date of approval of these consolidated financial statements, the Subscriptions have not yet been completed. Further details were set out in the Company's announcement dated 27 March 2023;

- The Group has implemented measures to speed up the collection of outstanding receivables; and

- The Group is planning to adopt various cost control measures to reduce various general and administrative and other operating expenses.

Based on the Group's cash flow forecasts and with the above measures and plans, the directors of the Company are confident that there will have sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue to operate for at least the next twelve months from 31 December 2022. Accordingly, the directors of the Company have prepared the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

4. SEGMENT INFORMATION AND REVENUE

(a) Reportable segments and reconciliation of reportable segment revenue, profit or loss, assets and liabilities

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers (the "CODM") that are used to make strategic decisions.

During the years ended 31 December 2022 and 2021, the Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Mobile phone business

- Mining business

Corporate expenses, corporate assets and corporate liabilities are not allocated to the reportable segments as they are not included in the measure of the segments' profit or loss, segments' assets and segments' liabilities that are used by the CODM for assessment of segment performance.

For the year ended 31 December 2022

	Mobile phone business *HK$'000*	Mining business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Reportable segment revenue	**80,576**	**–**	**–**	**80,576**
Reportable segment loss	**(5,791)**	**(1,018)**	**–**	**(6,809)**
Unallocated corporate income				**2,496**
Unallocated corporate expense				**(16,073)**
Loss before tax				**(20,386)**
Reportable segment assets	**10,422**	**999**	**–**	**11,421**
Corporate and unallocated assets				**4,326**
Total assets				**15,747**
Reportable segment liabilities	**(4,737)**	**(14,734)**	**–**	**(19,471)**
Corporate and unallocated liabilities				**(5,627)**
Total liabilities				**(25,098)**
Other segment information				
Depreciation of plant and equipment	**–**	**2**	**7**	**9**
Depreciation of right-of-use assets	**368**	**–**	**992**	**1,360**
Impairment loss recognised in respect of trade and other receivables, net	**305**	**–**	**10**	**315**
Share of results of an associate	**(7)**	**–**	**–**	**(7)**
Loss on disposal of a subsidiary	**942**	**–**	**–**	**942**
Loss on termination of lease contract	**153**	**–**	**–**	**153**
Additions to non-current assets	**1,031**	**–**	**1,227**	**2,258**

Notes:

(a) The unallocated and corporate income mainly included miscellaneous income and other corporate income.

(b) The unallocated and corporate expenses mainly included fair value loss on financial assets at fair value through profit or loss, salaries and allowances and other corporate expenses.

(c) The unallocated corporate assets mainly included plant and equipment and deposits for the headquarter in Hong Kong.

(d) The unallocated corporate liabilities mainly included lease liabilities for the headquarter in Hong Kong, accrued salaries, professional fee and audit fee.

(e) Additions to non-current assets consists of additions to plant and equipment and right-of-use assets.

For the year ended 31 December 2021

	Mobile phone business *HK$'000*	Mining business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Reportable segment revenue	79,172	–	–	79,172
Reportable segment loss	(1,299)	(1,034)	–	(2,333)
Unallocated corporate income				2,227
Unallocated corporate expense				(14,167)
Loss before tax				(14,273)
Reportable segment assets	14,339	1,811	–	16,150
Corporate and unallocated assets				31,362
Total assets				47,512
Reportable segment liabilities	(9,972)	(15,685)	–	(25,657)
Corporate and unallocated liabilities				(10,716)
Total liabilities				(36,373)
Other segment information				
Depreciation of plant and equipment	–	2	6	8
Depreciation of right-of-use assets	431	–	210	641
Gain on disposal of plant and equipment	–	(32)	–	(32)
Impairment loss recognised in respect of trade and other receivables, net	(356)	–	–	(356)
Share of results of an associate	74	–	–	74
Waiver of other payables	–	–	(1,250)	(1,250)
Additions to non-current assets	464	6	1,129	1,599

Notes:

(a) The unallocated and corporate income mainly included waiver of other payables, miscellaneous income and other corporate income.

(b) The unallocated and corporate expenses mainly included fair value loss on financial assets at fair value through profit or loss, salaries and allowances and other corporate expenses.

(c) The unallocated corporate assets mainly included plant and equipment and deposits for the headquarter in Hong Kong.

(d) The unallocated corporate liabilities mainly included lease liabilities for the headquarter in Hong Kong, accrued salaries, professional fee and audit fee.

(e) Additions to non-current assets consists of additions to plant and equipment and right-of-use assets.

(b) Geographical information

The information about the Group's non-current assets by location of assets are detailed below:

	2022	2021
	HK$'000	*HK$'000*
Hong Kong	**919**	1,277
PRC	**3,551**	3,470
	4,470	4,747

(c) Information about major customers

Revenue from major customers, where each of them accounted for 10% or more of the Group's revenue, are set out below:

	2022	2021
	HK$'000	*HK$'000*
Customer A	**39,522**	N/A*
Customer B	**21,698**	N/A*
Customer C	**10,935**	N/A*
Customer D	**N/A#**	43,444
Customer E	**N/A#**	10,779
Customer F	**N/A#**	10,710

* The corresponding revenue in the year for this customer did not contribute over 10% of the total revenue of the Group.

\# The revenue in the year for this customer did not contribute over 10% of total revenue of the Group.

(d) Revenue

In the following table, revenue is disaggregated by primary geographical market, major products and timing of revenue recognition.

Disaggregation of revenue from contracts with customers

	Trading of mobile phone	
	2022	2021
	HK$'000	*HK$'000*
Geographical market		
PRC	**41,054**	70,341
Hong Kong	**39,522**	8,831
	80,576	79,172
Major product		
Mobile phone and related accessories	**80,576**	79,172
Timing of revenue recognition		
At a point in time	**80,576**	79,172

5. OTHER GAINS AND LOSSES, NET

	2022	2021
	HK$'000	*HK$'000*
Exchange gain	**51**	190
Fair value loss on financial assets at fair value through profit or loss	**(375)**	(1,710)
Wavier of other payables	**–**	1,250
Loss on deregistration of a subsidiary	**–**	(5)
Gain on disposal of plant and equipment	**–**	32
(Impairment losses)/reversal of impairment losses on trade and other receivables, net	**(315)**	356
Impairment losses on amount due from a non-controlling shareholders of subsidiary	**–**	(35)
Gain on bargain purchase arising from investment in an associate at acquisition	**–**	394
Loss on termination of lease contract	**(153)**	–
Loss on disposal of a subsidiary	**(942)**	–
Others	**47**	–
	(1,687)	472

6. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest on lease liabilities	**160**	33
Imputed interest on loan from a related party	**–**	152
	160	185

7. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of profit or loss and comprehensive income represents:

	2022	2021
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
— Tax for the year	**3**	1

Hong Kong

Under the Hong Kong two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%.

PRC

The Group's major operations are being carried out through its subsidiaries established in the PRC and subject to the Enterprises Income Tax ("EIT") rate of 25% (2021: 25%), unless preferential rates are applicable in the cities where the subsidiaries are located.

On 18 January 2019, the Ministry of Finance in the PRC issued notice no. 13 of on the Implementation of Inclusive Tax Reduction Policies for Small and Micro Enterprises. Corporations with annual taxable income of less than RMB3 million are qualified for this tax concession. From 1 January 2019 to 31 December 2022, the first RMB1 million of annual taxable income of the qualifying corporation will be taxed at 5%, and further RMB2 million annual taxable income will be taxed at 10%. Certain PRC subsidiaries of the Group are entitled to this tax concession during the year ended 31 December 2022.

No PRC EIT has been provided for the year ended 31 December 2022 (2021: Nil) as there was no assessable profits incurred by the Group's subsidiaries established in the PRC for the year.

8. LOSS BEFORE INCOME TAX

	2022	2021
	HK$'000	*HK$'000*
Loss before income tax is arriving at after charging/(crediting):		
Staff costs		
— Directors' emoluments	**3,388**	3,361
— Other Staff costs		
— Salaries and allowances for other staffs	**8,346**	4,057
— Performance bonus	**–**	–
— Retirement benefit scheme contribution (excluding directors)	**176**	225
	11,910	7,643
Auditor's remuneration	**979**	843
Cost of inventories recognised as expenses	**80,273**	79,034
Depreciation of plant and equipment	**9**	8
Depreciation of right-of-use assets	**1,360**	641
and after crediting:		
Interest income	**(98)**	(127)

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share for the year is based on the loss for the year attributable to owners of the Company of HK$14,372,000 (2021: HK$9,928,000) divided by 183,555,888 (2021: 175,702,914) ordinary shares in issue during the year.

The weighted average numbers of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2021 has been adjusted for the share consolidation under Capital Reorganisation and the Rights Issue completed on 11 January 2021 and 10 February 2021, respectively.

(b) Diluted loss per share

No diluted loss per share is presented as there are no dilutive potential ordinary shares in issue for each of the years ended 31 December 2022 and 2021.

10. TRADE AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**3,272**	9,982
Less: Allowance for credit loss	**(3,272)**	(3,572)
	–	6,410
Value-added-tax recoverable	**269**	284
Prepayments to suppliers	**24,024**	28,819
Other receivables and deposits	**8,697**	10,042
	32,990	39,145
Less: Allowance for credit loss	**(31,712)**	(37,725)
	1,278	1,420
	1,278	7,830

The Group generally requests for full prepayment from its trade customers but it also allows credit period of 30 to 90 days for certain trade customers. The following is an aged analysis of trade receivables (net of allowance for credit loss) presented based on the invoice date at the end of reporting period:

	2022	2021
	HK$'000	*HK$'000*
0 to 30 days	**–**	6,410
31 to 90 days	**–**	–
91 to 365 days	**–**	–
	–	6,410

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Limits attributed to customers are reviewed periodically. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

The Group does not hold any collateral over its trade debts.

Movement in the allowance for doubtful debts in respect of trade and other receivables

	2022	2021
	HK$'000	*HK$'000*
Balance at the beginning of year	**41,297**	40,407
Impairment losses recognised during the year	**325**	10
Reversal of impairment loss recognised	**(10)**	(366)
Written off	**(3,499)**	–
Exchange adjustments	**(3,129)**	1,246
Balance at the end of year	**34,984**	41,297

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of reporting period:

	2022	2021
	HK$'000	*HK$'000*
Trade payables:		
0 to 90 days	**924**	6,711
Over 90 days	**30**	33
	954	6,744
Value-added-tax payables	**22**	1
Prepayments from customers	**1,204**	89
Other payables and accruals	**7,100**	7,071
Provision for close down and restoration costs	**11,771**	12,455
	21,051	26,360

12. EVENT AFTER THE END OF THE REPORTING PERIOD

On 27 March 2023, the Company entered into subscription agreements with independent third parties (the "Subscribers"), pursuant to which the Subscribers has conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 18,000,000 shares of HK$0.26 each for a cash consideration of approximately HK$4.68 million ("the Subscriptions"). At the date of approval of these consolidated financial statements, the Subscriptions have not yet been completed. Further details were set out in the Company's announcement dated 27 March 2023.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Below is an extract of the report by Yongtuo Fuson CPA Limited, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2022.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 3(b) to the consolidated financial statements. For the year ended 31 December 2022, the Group recorded a loss attributable to owners of the Company of approximately HK$14,372,000, and as at 31 December 2022, its current liabilities exceeded its current assets by approximately HK$15,463,000. These conditions, along with other matters as set forth in note 3(b) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The directors, having considered the measures and plans being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW AND OUTLOOK

Revenue

For the year ended 31 December 2022, the Group recorded total revenue of HK$80.6 million, which was approximately HK$1.4 million or 1.8% higher than the revenue of HK$79.2 million reported in 2021. The increase in Group's revenue was solely due to the increase in revenue from mobile phone trading business in PRC and Hong Kong. The Group's revenue was derived from mobile phone trading business in PRC and Hong Kong in both years.

During the year ended 31 December 2022, revenue from mobile phone trading business was HK$80.6 million, contribution from Shanghai and Hong Kong was HK$41.1 million and HK$39.5 million respectively, representing 51.0% and 49.0% of the total revenue of the Group.

For the year ended 31 December 2021, revenue from mobile phone trading business was HK$79.2 million, contribution from Shanghai and Hong Kong was HK$70.3 million and HK$8.9 million respectively, representing 88.8% and 11.2% of the total revenue of the Group.

The low level of revenue was due to the outbreak of the COVID-19 in early 2020, it has been intensifying and spread across the PRC and have an adverse impact on wholesale and retail of mobile phone markets. The COVID-19 outbreak results global economic slowdown and sluggish consumer spending resulted in slower sales in both years. Besides, China's consumers pulling back on spending have taken a toll on its mobile phone retail market which is stalled and declining, the sales of the Group were scaled back in both years.

Compared with 2021, the Group's revenue contribution from Shanghai decreased from 88.8% to 51.0%, Hong Kong increased from 11.2% to 49.0%. The main reason is the Group have adopted a supply chain diversification strategies to maintain and strengthen our mobile phone and related electronic products business in the market and Group's performance.

Gross profit and gross profit margin

The Group's gross profit and gross profit margin were HK$0.3 million or 0.4% and HK$0.1 million or 0.2% for the year ended 31 December 2022 and 2021, respectively. The low gross profit and gross profit margin were due to the scaled back in Group's performance on mobile phone trading business for both years.

Due to outbreak of COVID-19 which resulted China's consumers pulling back on spending and the keen competition in the mobile phone retail market, the Group's gross profit margin were 0.4% and 0.2% for the year ended 31 December 2022 and 2021, respectively. The low gross profit margin was due to the increased bargaining power from telecommunications chain stores and mobile carriers which purchasing mobile phone and underperformance of promotion of the mobile application to consumers business.

Other income

Other income was approximately HK$2.4 million for the year ended 31 December 2022, as compared to approximately HK$1.0 million for the year ended 31 December 2021.

The Group's other income increased by HK$1.4 million or 134.1% mainly attributable to HK$1.6 million of database traffic monetisation generated from our mobile applications business for the year ended 31 December 2022 (2021: HK$0.2 million).

Other gains and losses, net

We had a net losses of HK$1.7 million for the year ended 31 December 2022 and a net gains of HK$0.5 million for the year ended 31 December 2021.

For the year ended 31 December 2022, the net losses mainly consisted of loss on disposal of subsidiary of HK$0.9 million, fair value loss on financial assets at fair value of through profit or loss of HK$0.4 million. For the year ended 31 December 2021, the net gain mainly consisted of waiver of other payables of HK$1.3 million and gain of bargain purchase arising from investment in an associate at acquisition of HK$0.4 million.

The turnaround to net loss current year was mainly due to waiver of other payables of HK$1.3 million and bargain purchase arising from investment in an associate of HK$0.4 million were recognised in 2021, while no such gains were recognised in 2022.

Selling and distribution costs

Selling and distribution costs were approximately HK$0.4 million for the year ended 31 December 2022, as compared to HK$0.3 million for the year ended 31 December 2021.

The Group's selling and distribution costs were primarily composed of logistics and transportation rental expenses and travelling expenses.

Administrative expenses

The Group's administrative expenses increased by HK$5.5 million or 36.0% from approximately HK$15.3 million for the year ended 31 December 2021 to approximately HK$20.8 million for the year ended 31 December 2022. Balance mainly included salaries and allowances, rental expenses, legal and professional fees and travelling expenses.

The increase of administrative expenses of HK$5.5 million was principally attributable to the increase in salaries and allowances and promotion expenses incurred by Beijing Daizhangmen database traffic monetisation of mobile application business with respect to certain business development projects.

Finance costs

During the year ended 31 December 2022 and 2021, finance costs were amounted to approximately HK$0.2 million. The finance costs remain steady between the two years, while no imputed interest on loans from a related party were recorded in current year (2021: HK$0.2 million), which partially offset with the increase in interest on lease liabilities in current year.

Income tax expense

As set out in Note 7 of the announcement, income tax expense of approximately HK$3 thousand for the year ended 31 December 2022, as compared to income tax expense of HK$1 thousand in last year.

Loss for the year attributable to owners of the Company

As a result of the factors set out above, the Group's loss for the year attributable to owners of the Company amounted to approximately HK$14.4 million for the year ended 31 December 2022, as compared to loss for the year attributable to owners of the Company of approximately HK$9.9 million in last year.

Loss per share

The basic loss per share was HK$7.83 cents in current year as compared to the basic loss per share of HK$5.65 cents in last year.

Financial assets at fair value through profit or loss

As at 31 December 2022 and 2021, the Group held various unlisted equity investments and unlisted fund investment engaged in developing mobile devices and operating system, manufacturing and distribution of mobile devices in different jurisdictions and engaged in different business.

Inventories

As at 31 December 2022, HK$0.9 million of inventories were recognised, while no inventories were recognised as at 31 December 2021. The Group will continue to apply strict policy in inventory control in the future.

Trade and other receivables

Trade and other receivables of the Group decreased by HK$6.5 million or 83.7% from approximately HK$7.8 million as at 31 December 2021 to approximately HK$1.3 million as at 31 December 2022. The decrease in trade and other receivables was mainly due to the decrease in trade receivables of HK$6.4 million as at 31 December 2022 (2022: nil; 2021: HK$6.4 million), due to sales of HK$6.4 million before the year ended of 31 December 2021, while entire trade receivables balances have been settled as at 31 December 2022.

Cash and cash equivalents

The total cash and cash equivalents amounted to approximately HK$6.2 million as at 31 December 2022 as compared to approximately HK$31.5 million as at 31 December 2021, without any deposit pledged to banks. The Group is financed by a combination of its equity capital, cash flow generated from its operation. During the year, there was no material change in the funding and treasury policy of the Group. The Group considers there is no material potential currency exposure as the majority of its revenue and expenses are derived and incurred in Renminbi in the PRC. It is the treasury policy of the Group to manage its foreign currency exposure whenever its financial impact is material to the Group.

Trade and other payables

The trade and other payables of the Group decreased by approximately HK$5.3 million or 20.1% from approximately HK$26.4 million as at 31 December 2021 to approximately HK$21.1 million as at 31 December 2022.

The decrease in trade and other payables was mainly due to the decrease in trade payables of HK$5.8 million as at 31 December 2022 (2022: HK$1.0 million; 2021: HK$6.8 million). Balances also consisted of value-added-tax payables (2022: HK$22 thousand; 2021: HK$1 thousand), prepayment from customers (2022: HK$1.2 million; 2021: HK$89 thousand), other payables and accruals (2022: HK$7.1 million; 2021: HK$7.1 million) and provision for close down and restoration costs of Sifa mine (2022: HK$11.8 million; 2021: HK$12.5 million).

Other payables and accruals remain steady between the two years which mainly consisted of accrual for directors' fee, staff costs, audit fees, legal and professional fees, rental payable.

Liquidity and gearing ratio

The net asset value of the Group attributable to owners of the Company as at 31 December 2022 amounted to HK$35.7 million or HK$0.19 per share when compared to HK$53.9 million or HK$0.29 per share as at 31 December 2021. As at 31 December 2022, the Group had net current liabilities of approximately HK$15.5 million when compared to net current assets of HK$4.0 million as at 31 December 2021. As at 31 December 2022, the Group had a current ratio of 0.37 times (31 December 2021: 1.11 times). The gearing ratio of the Group, defined as the ratio of the total long term liabilities to the equity attributable to owers of the Company, was 0.01 and 0.01 as at 31 December 2022 and 2021.

Capital commitments

As at 31 December 2022, the Group did not have any capital expenditure contracted for but not provided in the consolidated financial statements in respect of leasehold improvements (31 December 2021: Nil).

Contingent liabilities

As at 31 December 2022, the Group did not have any contingent liabilities or guarantees (31 December 2021: Nil).

Material acquisitions and disposals of subsidiaries or associates

During the year ended 31 December 2022, other than the disposal of 浙江澳英信息科技有限公司, an indirect non-wholly-owned subsidiary of the Company, the Group did not have material acquisitions and disposals of subsidiaries or associates.

Employees and remuneration policies

As at 31 December 2022, the Group has in total 38 employees as compared to 43 employees as at 31 December 2021. Employees were remunerated according to the nature of their job duties and market trend. The Group provided staff welfare and fund contribution to its employee in accordance with the prevailing regulations in the PRC and Hong Kong. There was no material change in the remuneration policy, bonus scheme and share option scheme during the year. The Group has a share option scheme under which the Company may grant share options to the participants, including directors and employees, to subscribe for shares of the Company.

Rights Issue

On 10 November 2020, the Company proposed to raise approximately HK$48.6 million, before the Set-off Arrangement and relevant expenses, by way of the rights issue (the "Rights Issue"), by issuing 91,777,944 rights shares at the subscription price of HK$0.53 per rights share on the basis of one (1) rights share for every one (1) adjusted shares held on the Record Date.

The Rights Issue was completed on 10 February 2021. The net proceeds of the Rights Issue were approximately HK$15.6 million. Further details regarding the Rights Issue was set out in the announcements of the Company dated 10 November 2020, 25 November 2020, 7 December 2020 and 7 January 2021, the circular dated 15 December 2020 and the prospectus dated 19 January 2021.

Subsequent events

On 27 March 2023, the Company entered into subscription agreements with independent third parties (the "Subscribers"), pursuant to which the Subscribers has conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 18,000,000 shares of HK$0.26 each for a cash consideration of approximately HK$4.68 million ("the Subscriptions"). At the date of approval of these consolidated financial statements, the Subscriptions have not been completed. Further details were set out in the Company's announcement dated 27 March 2023.

Save as disclosed above, there is no other significant events subsequent to the reporting period.

FINAL DIVIDEND

The Board do not recommend the payment of any dividend in respect of the year (2021: Nil).

OPERATIONAL REVIEW

Market Overview

According to the statistics released by the Ministry of Industry and Information Technology of the People's Republic of China ("MIIT"), there were approximately 1.683 billion subscribers to mobile phone services in the PRC as of 2022 (2021: 1.63 billion). While there are continuing intense competitions among the major mobile phone manufacturers in the PRC, they are trying to cut the distribution layers by directly supplying to the provincial distributors and leading retailers with a view to increase their profitability. Because of this, leading vendors have developed multi-channel distribution models which include "national distribution", "provincial distribution", "direct to retail" and "direct to operator".

On the other hand, mobile carriers are key participants in the mobile phone industry chain. The restructuring of mobile carriers in past years and the issuance of 5G licenses have led to more intense competition among the mobile carriers. By cooperating with retailers, especially large mobile telecommunication chain stores, the mobile carriers can benefit from the retailers' in-depth understanding of customer behaviors and spending preferences. Through such cooperation, the customers will experience more professional, convenient and integrated customer services. Thus, large mobile telecommunications chain stores are expected to become the main sales channel for the mobile carriers for their bundled mobile phones.

Although China, the world's largest mobile phone market reached a saturation point, the 5G economy has seen a huge growth. The 5G mobile phones comes as China launched 5G commercialisation at the end of 2019 with the nation's telecom operators rolling out their 5G data plans. China has stepped up its pace of 5G development, adding 887,000 base stations in 2022 (2021: 654,000), 561 million mobile phone users who have adopted 5G as of the end of 2022, approximately 33.3% of mobile phone users are adopting 5G services. Nearly 2.31 million 5G base stations were rolled out in the country, forming the world's largest 5G network and accounting over 60 percent of the global 5G base stations. Moreover, China expected 600,000 5G base stations will be installed this year to step up expansion of the country's next-generation mobile network, while preparing for the development of the more advanced 6G wireless system in coming years, China will strive to maintain its leadership in 5G, while planning and laying the foundation for research and development on 6G technology.

6G represents the mobile network technology that will succeed 5G, which is still being rolled out in many countries. China, with the world's biggest internet population and largest smartphone market, has already deployed the biggest 5G mobile infrastructure in the industry. China plans to have 26 5G base stations for every 10,000 people by the end of 2025, as the nation works hard to build a new digital infrastructure that is intelligent, green, safe and reliable, based on an estimated national population, means that the nation aims to have about 3.64 million 5G base stations by the end of 2025.

Looking back at 2022, China's mobile phone market declined and scaled back due to the international trade conflicts escalated, the impact of COVID-19 outbreak in China, the uncertainties of economic development and China's consumers pulling back on spending, the decline is expected to continue in the coming years but partially offset with the 5G and 6G development.

As the COVID-19 pandemic situation in China and Hong Kong were improved and certain restrictions were progressively adjusted and released from December 2022 onwards, we are pleased and confident to rebuild our network, business strategy and development as well as improve the Group's financial performance.

Business Review

Mobile Phone Business

The Group was involved in the business of trading, wholesale and retail of mobile phones and telecom equipments in China. As for the PRC market, its economy was slowdown since 2019. Yet, the continuous development of mobile phone market business model intensifying competition in the retail industry and the uncertainties arising from the emerging US-China trade war and recovering from the outbreak of COVID-19 in China presented challenges the development of the Group's operations and performance.

Customers focus is expected to gradually shift from the functionality of mobile phone to the shopping experience. Customers will normally require services such as function presentations, digital phone books synchronization and pre-installing software, etc, in purchasing a mobile phone. In the 5G era, the convergence of mobile telecommunications and the Internet also led to rapid development of value-added business which requires the retail channels to advance from a pure sales platform to an integrated service platform. In this regard, the large mobile telecommunication chain stores have advantages. Furthermore, we intend to continue growth by diversify the trading markets, products and distribution channels.

Mining Business

The Group has once commenced mining site exploitation system in our Strontium mining site since 2010. After the expiration of a 5-year mining operating permit on 25 September 2012, Sifa Mining obtained a renewed mining operating permit for 2 years (the "2-year Permit 2012-2014") from the Ministry of Land and Resources of the PRC (中華人民共和國國土資源部) ("MLR"), under which Sifa Mining was allowed to carry out exploration activities only, but not exploitation activities. The 2-year Permit 2012-2014 was expired on 25 September 2014.

On 27 April 2015, a mining operating permit was granted by MLR for a term of 2 years from 25 September 2014 to 25 September 2016 under which a restriction was added that no exploitation activities were allowed but only exploration activities. Such restriction imposed on the renewed mining permit was basically the same as the previous mining permit which was approved by MLR in 2012 whilst the application for mining exploitation permit is a continuing process.

In the course of applying for further extension after expiry on 25 September 2016, the Department of Land and Resources of Hubei Province of the PRC (the "DLR") issued an announcement (the "DLR Announcement") published on 29 December 2017 in respect of the deadline of application for renewal of the expired mining operating permit.

In the DLR Announcement, the DLR informed the owners of the expired mining operating permits to furnish the application procedures for the renewal before 28 February 2018. If the owners fail to do so, they are responsible to deregister the mining operating permits before 31 March 2018 by themselves or the DLR will de-register the permits instead. The Group was unable to furnish the application before the deadline and therefore, instructed the Group's lawyers to clarify with the DLR the Group's situation as to whether the Group would be allowed to submit a new application for the mining operating permit in future.

Despite great efforts to ascertain with the DLR by the Group's PRC lawyers, the Group had been unable to receive a clear and favourable reply in this regard. As a result and prudent measure, a full impairment of the mining right of HK$174.6 million and related plant and equipment of HK$9.0 million had been made whist all the related deferred tax liabilities of HK$41.1 million had been derecognised in the profit or loss for the year ended 31 December 2017.

Despite the fact that the above mining right will no longer have any bearing on the financials of the Group for the year ended 31 December 2018, the Directors strived to pursue the ultimate stance of the DLR in respect of the above mining right in the interests of the Shareholders.

During the year ended 31 December 2018, the Group, through its PRC lawyer, has tried to approach DLR by telephone calls and resubmission of the letter sent in February 2018 for the clarification of the Group's situation. However, DLR did not make reply to the Group's enquiries.

According to an online search made by the Group's PRC lawyer to the Ministry of Natural Resources of the PRC (中華人民共和國自然資源部) on 20 February 2020, the status of the mining operating permit has been displayed as "expired".

Though the DLR is unlikely to grant the mining operating permit extension to the Company nor mining operating permit to other market participants at this moment, management will continue to communicate with their lawyers in the future to resubmit a new application on the extension of the mining operating permit in the future.

Prospects and Outlook

The China economy is still showing a sign of slowdown resulting from the US-China trade war that has simmered in current year. Though the phase one interim agreement has been made in December 2019 to prevent a further escalation of the trade war, it is expected that the next round of the negotiation between the US and China would get tougher once they begin tackling the thorny issues on which they had clashed. Furthermore, in early of year 2020, the outbreak of the COVID-19 in China followed hard on the heels of the phase one's US China trade truce. The Group expect the consumption and retail segment will continued to be affected from the blow of the US-China trade war facing an uncertain future in the coming years. As the COVID-19 pandemic situation in China improved and restrictions were loosening, we expect the Chinese economy will make a significant turnaround in 2023.

The mobile phone market in China was still strong but its growth was obviously slowing down which resulted from the trade pressure exerted by the US in the trade war, denting the economic growth in China starting from 2020.

However, the continued economic growth in the PRC is fuelled by a high internal consumption. As the world's largest mobile handset market, there were approximately 1.683 billion handset subscribers in the PRC as of 2022 which benefit from preferential mobile internet traffic policies. The significant increase in 5G users and internet users implies that there are huge business opportunities in both mobile application and mobile commerce. Since the Group has been in the related mobile phone industry for decades, big data, mobile phone operating system and mobile internet would be surely the key business areas that the Group is interested in. As the technology for 5G telecommunications networks matured and was ready for takeoff demand for related equipment has remained robust. Recent developments in the China market along with anticipation of aggressive activity from the mobile phone supply chain have caused us raised our Group short-term 5G forecast and expect that China will become the lead market in terms of 5G volume. In light of the increasing uncertainties in the global economy, the Group will closely monitor changes in the economic environment and will be proactive and seize opportunities in Hong Kong and ASEAN trading markets.

With 5G Technology becoming an everyday reality soon, it will also impact customer experience. With a ten times faster than 4G, it will be able to fetch real-time intelligence or data, which 5G might revamp certain customer experience such as smart homes, smart cars and smart retail. As a result, 5G augments digitalisation enabled the launch of many new software, applications and related products.

In 2022, the economy of PRC continues to be affected by the outbreak of COVID-19 pandemic which the corresponding quarantine and control measures implemented, slowing down economic activities and general business sentiments. There is an ongoing concern regarding the development of mobile phone markets, which hinders customers making sales order. Moreover, in view of the weakening wholesale and retail markets, customers would tend to make orders with lower average selling price, which would possibly lower our Group's gross profit.

We expect the global business environment starting from 2023 will be more stable, especially for China and Hong Kong region which have ceased cross-border restrictions and social-distancing measures. Furthermore, the Group have expanded the trading market in Hong Kong in 2022. Our teams have been making excellent progress in explore various electronic products for trading. In 2023, we intend to continue growth by diversify the trading markets, products and distribution channels.

Increase efforts to promote environmental friendly bag automatic bag taking machine and relevant database traffic monetisation business ("Daizhangmen")

"Daizhangmen" business is an integration of intelligent Internet of Things ("IoT") terminal that distributes environmentally friendly bags for free to customers. By cutting into the demand of offline environmental protection bags, using the IoT system plus free model to obtain offline traffic, and completing the traffic matching of advertisers, so as to realise the commercial closed loop of database traffic monetisation. That is to complete the social value of environmental protection, and realise the huge commercial value under the new economic industry of environmental protection.

In 2020, the PRC Environmental Protection Bureau issued a new policy on strengthening the control of plastic pollution, which made it clear that non-degradable plastic bags will be completely banned by the end of 2025. It has issued several notices to promote the implementation of local plastic ban orders, and various places have issued plastic ban orders one after another, demonstrating the confidence and determination of the PRC government in plastic pollution control from the central to the local level.

In September 2021, the Group tap into environmental friendly bag automatic bag taking machine and relevant database traffic monetisation business to cope with the environmental policy, the new business has cope with various hospitals, supermarkets, shopping malls, hotels, clubhouses, residential areas, scenic spots and pharmacy in the PRC to install such environmental friendly bags taking machines, in order to generate income from database traffic monetisation, advertising fees, trading of relevant machines or maintenance operations.

Starting from June 2022, the database traffic monetisation business have rebounded and has been growing steadily. In July 2022, we have set up own technical team to lay out bag taking machines to test the new bag picking process, bag delivery data, consumer feedback and revenue model through our own technical team, as to set out an efficient bag picking process. When this model runs through, our own technical team in Beijing will be responsible for the lay out of bag taking machines in the future. After running out a complete set of data, it is planned to start the national investment promotion in second half of 2023.

In 2023, Daizhangmen will be the stage of refining and deepening the market, target to integrate with various environmental friendly bags brand agents and environmental friendly bags taking machine manufacturers. As the company's database traffic monetisation business is developing in a positive direction as a whole, which we strongly believe providing free products to consumers with generating revenue business model enables us to accumulate greater competitiveness in coming years.

We will continue to make pioneering efforts and pursue new achievements and innovations in such areas as to seek for new opportunities and more extensive strategic cooperation and lay a solid foundation for the stable growth and performance of the Company in the future. In the long-run, the Group remains optimistic on the development of environmental related products and services sector in the PRC.

Lastly, to prepare for future challenges, the Group will stay vigilant and continue to maintain its prudent financial position and lean operation. The Group will also keep a close eye on new business initiatives and other opportunities in order to enhance business growth and deliver long-term value to its shareholders.

USE OF PROCEEDS

The 2020 Rights Issue

On 10 November 2020, the Company proposed to raise approximately HK$48.6 million, before the Set-off Arrangement and relevant expenses, by way of the rights issue (the "Rights Issue"), by issuing 91,777,944 rights shares at the subscription price of HK$0.53 per rights share on the basis of one (1) rights share for every one (1) adjusted shares held on the Record Date. The Rights Issue was completed on 10 February 2021. The net proceeds of the Rights Issue were approximately HK$15.6 million.

Up to 31 December 2022, the net proceeds had been utilised in full in accordance with the intentions previously disclosed by the Group, with breakdown as follows:

	Allocation of net proceeds as disclosed in the prospectus for the Rights Issue	Utilised amount for the year ended 31 December 2022	Unutilised amount as at 31 December 2022
	HK$'000	*HK$'000*	*HK$'000*
Trading and distribution business	8,153	8,153	–
General working capital *(Note)*	7,445	7,445	–
Total	15,598	15,598	–

Note: A further breakdown of the proceeds applied to general working capital is as follows:

	HK$'000
— Audit fees	1,220
— Salaries and allowances	2,648
— Directors' fee	898
— Office expenses	403
— Professional fees	710
— Insurance	185
— Rental expenses	705
— Utilities	34
— Others	642
Total	7,445

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2022 and 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company had complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the time being in force throughout the year ended 31 December 2022, with deviations as stated below:

Code Provision A.2.1

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual but Mr. Lau Siu Ying currently assumes both roles of the Chairman and the Chief Executive Officer of the Company. Provision A.4 of the Code states that all directors should be subject to re-election at regular intervals. However, Mr. Lau Siu Ying, being the Chairman of the Board, does not need to retire by rotation. Mr. Lau Siu Ying has been in charge of the overall management of the Company since its incorporation. As a result, although he does not need to retire by rotation and assumes both roles of the Chairman and the Chief Executive Officer of the Company, the Board considers that such arrangement at the current stage of development of the Group can facilitate the execution of its business strategies and maximise the effectiveness of its operations. Nevertheless, through the supervision from the Board including the Independent Non-executive Directors, the interests of the shareholders should be adequately and fairly considered.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

All existing Non-executive Directors of the Company are not appointed for a specific term as stipulated under the provision A.4.1 of the Code but are subject to retirement by rotation in accordance with the Company's Bye-laws. In accordance with the relevant provisions in the Bye-laws of the Company, if the appointment of Directors is made by the Board, the Directors so appointed must stand for election by the shareholders at the first annual general meeting following their appointments and all Directors, except the Chairman, must stand for re-election by the shareholders by rotation.

AUDIT COMMITTEE

The Company has formulated written terms of reference for the Audit Committee in accordance with the requirements of the Listing Rules. As at the date of this announcement, the Audit Committee comprises three Independent Non-executive Directors, Mr. Leung Wai Hung (Chairman of the Audit Committee), Dr. Law Chun Kwan and Dr. Lo Wai Shun.

The primary responsibilities of the Audit Committee include reviewing the reporting of financial and other information to the shareholders, the system of internal controls, risk management and the effectiveness and objectivity of the audit process. The Audit Committee also provides an important link between the Board and the auditors of the Company in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors. The Audit Committee has reviewed and approved this announcement.

SCOPE OF WORK OF YONGTUO FUSON CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Yongtuo Fuson CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Yongtuo Fuson CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the HKICPA and consequently no assurance has been expressed by Yongtuo Fuson CPA Limited on the preliminary announcement.

PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement was published on the website of the Stock Exchange at http://www.hkexnews.hk and on the Company's website at http://www.chinafortune.com. The annual report for the year ended 31 December 2022 containing all the information required by Appendix 16 of the Listing Rules is expected to be published in April 2023 on the same websites and will be despatched to the shareholders of the Company by no later than 30 April 2023.

APPRECIATION

The Board would like to express its sincere appreciation to the Company's shareholders, customers, suppliers and staff for their continued support to the Group.

By the order of the Board
China Fortune Holdings Limited
Lau Siu Ying
Chairman and Chief Executive Officer

Hong Kong, 27 March 2023

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Lau Siu Ying, Mr. Wang Yu and Mr. Hou Zhenyang; and three independent non-executive directors, namely Dr. Law Chun Kwan, Dr. Lo Wai Shun and Mr. Leung Wai Hung.