



**華億金控集團有限公司**  
**SINOFORTUNE FINANCIAL HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 08123)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “Directors”) of Sinofortune Financial Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## **HIGHLIGHTS**

The Group recorded a revenue of approximately HK\$24,182,000 for the year ended 31 December 2021 (2020: approximately HK\$69,069,000).

Loss for the year ended 31 December 2021 was approximately HK\$32,102,000 (2020: approximately HK\$41,560,000).

Loss attributable to owners of the Company for the year ended 31 December 2021 amounted to approximately HK\$32,090,000 (2020: approximately HK\$41,399,000).

Basic loss per share was 0.41 HK cent (2020: 0.53 HK cent).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2021 (2020: Nil).

## FINAL RESULTS

The board of Directors of the Company (the “Board”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021 together with the comparative audited figures for the year ended 31 December 2020.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2021*

		2021	2020
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Revenue	4	<b>24,182</b>	69,069
Other income and losses, net	6	<b>(6,064)</b>	(6,544)
Changes in inventories of finished goods		<b>(21,527)</b>	(63,093)
Other direct costs		<b>(182)</b>	(263)
Employee benefit expenses		<b>(14,081)</b>	(18,668)
Depreciation of property, plant and equipment		<b>(2,125)</b>	(2,658)
Depreciation of right-of-use assets		<b>(1,456)</b>	(362)
Amortisation of intangible assets		<b>(3)</b>	(33)
Impairment loss on trade deposits paid and other receivables reversed/(recognised)		<b>3,844</b>	(10,841)
Reversal of provisions		–	4,248
Other expenses	8	<b>(14,622)</b>	(12,396)
Finance costs	7	<b>(250)</b>	(201)
Loss before income tax	8	<b>(32,284)</b>	(41,742)
Income tax credit	9	<b>182</b>	182
Loss for the year		<b>(32,102)</b>	(41,560)
<b>Other comprehensive income</b>			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>4,109</b>	9,921
Other comprehensive income for the year, net of tax		<b>4,109</b>	9,921
Total comprehensive loss for the year		<b><u>(27,993)</u></b>	<b><u>(31,639)</u></b>

		2021	2020
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Loss attributable to:</b>			
Owners of the Company		(32,090)	(41,399)
Non-controlling interests		<u>(12)</u>	<u>(161)</u>
		<b><u>(32,102)</u></b>	<b><u>(41,560)</u></b>
<b>Total comprehensive (loss)/income for the year</b>			
<b>attributable to:</b>			
Owners of the Company		(27,987)	(32,021)
Non-controlling interests		<u>(6)</u>	<u>382</u>
		<b><u>(27,993)</u></b>	<b><u>(31,639)</u></b>
		<b>2021</b>	<b>2020</b>
		<b><i>HK cent</i></b>	<b><i>HK cent</i></b>
<b>Loss per share</b>			
Basic loss per share	<i>10</i>	<b><u>(0.41)</u></b>	<b><u>(0.53)</u></b>
Diluted loss per share		<b><u>N/A</u></b>	<b><u>N/A</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		2021	2020
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		24,791	26,849
Intangible assets		–	3
Right-of-use assets		1,244	2,646
Statutory deposits and other assets		405	405
Interests in associates		682	–
Financial assets at fair value through profit or loss	<i>11</i>	10,854	17,199
Rental and other deposits paid		1,707	1,660
		<u>39,683</u>	<u>48,762</u>
<b>Current assets</b>			
Inventories		42	144
Trade receivables	<i>12</i>	2,172	15,835
Financial assets at fair value through profit or loss	<i>11</i>	1,448	1,198
Prepayments, deposits and other receivables		130,893	66,914
Pledged deposits		60,971	–
Bank balances and cash – trust accounts		6,116	16,256
Bank balances and cash – general accounts		54,242	93,556
		<u>255,884</u>	<u>193,903</u>

	<i>Notes</i>	<b>2021</b> <b><i>HK\$'000</i></b>	2020 <i>HK\$'000</i>
<b>Current liabilities</b>			
Trade and bill payables	<i>13</i>	<b>69,703</b>	16,313
Contract liabilities		<b>19,237</b>	–
Other payables and accruals		<b>1,458</b>	1,798
Provisions	<i>14</i>	<b>12,700</b>	12,350
Bank and other borrowings		–	186
Lease liabilities		<b>1,282</b>	1,410
		<b>104,380</b>	32,057
<b>Net current assets</b>		<b>151,504</b>	161,846
<b>Total assets less current liabilities</b>		<b>191,187</b>	210,608
<b>Non-current liabilities</b>			
Bank and other borrowings		<b>10,000</b>	–
Lease liabilities		–	1,246
Deferred tax liabilities		<b>2,563</b>	2,745
		<b>12,563</b>	3,991
<b>Net assets</b>		<b>178,624</b>	206,617
<b>Capital and reserves</b>			
Share capital		<b>77,489</b>	77,489
Reserves		<b>100,915</b>	128,902
<b>Equity attributable to owners of the Company</b>		<b>178,404</b>	206,391
<b>Non-controlling interests</b>		<b>220</b>	226
<b>Total equity</b>		<b>178,624</b>	206,617

## **NOTES:**

### **1. GENERAL INFORMATION**

Sinofortune Financial Holdings Limited (“the Company”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The Company’s registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is situated at 16th Floor, CMA Building, No. 64-66 Connaught Road Central, Hong Kong.

In the opinion of the directors of the Company, the ultimate controlling party of the Company is Mr. Wang Jiawei, the Chairman and executive director of the Company.

The Company’s shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”).

The Group, comprising the Company and its subsidiaries, is principally engaged in (i) provision of securities and futures contracts trading services in Hong Kong, (ii) trading and principal investments in Hong Kong, and (iii) sales of motor vehicles, provision of agency services and accessories sourcing in the People’s Republic of China (“PRC”).

The functional currency of the Company is Hong Kong dollar (“HK\$”). The consolidated financial statements are presented in Hong Kong dollars as management of the Company considered it is more beneficial to users of the consolidated financial statements. All values stated in these consolidated financial statements are rounded to the nearest thousands Hong Kong dollars (HK\$’000), unless otherwise stated.

### **2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“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 GEM of the Stock Exchange (“GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

### 3. APPLICATION OF AMENDMENTS TO HKFRSs

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

In the current year, the Group has applied amendments to HKFRSs issued by HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

HKFRS 16 (Amendment)	Covid-19-Related Rent Concessions
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2

The amendments to HKFRSs in the current year 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	Insurance Contracts and the related Amendments <sup>1</sup>
HKFRS 16 (Amendment)	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>4</sup>
HKFRS 3 (Amendments)	Reference to the Conceptual Framework <sup>2</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies <sup>1</sup>
HKAS 8 (Amendments)	Definition of Accounting Estimates <sup>1</sup>
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 April 2021

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of these new and amendments to HKFRSs, which are not yet effective, will have no material impact on the consolidated financial statements in the foreseeable future.

## ***Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies***

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

## ***Amendments to HKAS 8 Definition of Accounting Estimates***

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

#### 4. REVENUE

##### Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
Commission income from securities and futures brokerage services	796	851
Sales of motor vehicles where the Group acts as principal	21,573	62,702
Agency and service fees income from accessories sourcing	1,720	5,098
	<u>24,089</u>	<u>68,651</u>
<b>Revenue from other sources</b>		
Interest income from securities and futures brokerage services	93	418
Total revenue	<u>24,182</u>	<u>69,069</u>
Disaggregated by timing of revenue recognition within the scope of HKFRS 15		
Over time	–	–
At point in time	24,089	68,651
	<u>24,089</u>	<u>68,651</u>

Disaggregation of revenue from contracts with customers by geographical markets is disclosed in note 5.

## 5. SEGMENT INFORMATION

The executive directors of the Company (the “Executive Directors”) are regarded as the chief operating decision-maker. The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources. Operating segments were determined based on these reports.

Specifically, the Group’s reportable segments are as follows:

1. Brokerage and securities margin financing services – provision of brokerage and securities margin financing services
2. Trading and principal investments – securities trading
3. Sales of motor vehicles, provision of agency services and accessories sourcing – trading of motor vehicles, provision of agency and related services

### Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable segments:

#### For the year ended 31 December 2021

	<b>Brokerage and securities margin financing services <i>HK\$’000</i></b>	<b>Trading and principal investments <i>HK\$’000</i></b>	<b>Sales of motor vehicles, provision of agency services and accessories sourcing <i>HK\$’000</i></b>	<b>Total <i>HK\$’000</i></b>
Segment revenue				
External sales	889	–	23,293	24,182
Inter-segment sales	–	–	–	–
	<u>889</u>	<u>–</u>	<u>23,293</u>	<u>24,182</u>
Segment (loss)/profit	(1,185)	(3,361)	491	(4,055)
Interest income				291
Other income and losses, net				(6,846)
Unallocated expenses				(21,424)
Finance costs				(250)
Loss before income tax				(32,284)
Income tax credit				182
Loss for the year				<u>(32,102)</u>

For the year ended 31 December 2020

	Brokerage and securities margin financing services <i>HK\$'000</i>	Trading and principal investments <i>HK\$'000</i>	Sales of motor vehicles, provision of agency services and accessories sourcing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue				
External sales	1,269	–	67,800	69,069
Inter-segment sales	–	–	–	–
	<u>1,269</u>	<u>–</u>	<u>67,800</u>	<u>69,069</u>
Segment loss	(1,562)	(5,486)	(1,867)	(8,915)
Interest income				802
Other income and losses, net				(12,183)
Unallocated expenses				(21,245)
Finance costs				<u>(201)</u>
Loss before income tax				(41,742)
Income tax credit				<u>182</u>
Loss for the year				<u><u>(41,560)</u></u>

The measure used for reporting segment profits or losses is adjusted loss before interest and income tax. To arrive at the adjusted loss, the Group's loss is further adjusted for items not specifically attributed to individual segments, such as unrealised fair value loss on unlisted equity investment, finance costs, certain interest income and head office or corporate administration costs.

Other segment information is as follows:

**For the year ended 31 December 2021**

	<b>Brokerage and securities margin financing services HK\$'000</b>	<b>Trading and principal investments HK\$'000</b>	<b>Sales of motor vehicles, provision of agency services and accessories sourcing HK\$'000</b>	<b>Unallocated HK\$'000</b>	<b>Total HK\$'000</b>
Additions to property, plant and equipment	<u>14</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>22</u>
Depreciation and amortisation	<u>11</u>	<u>-</u>	<u>178</u>	<u>3,395</u>	<u>3,584</u>
Unrealised fair value gains on securities trading	<u>-</u>	<u>(250)</u>	<u>-</u>	<u>-</u>	<u>(250)</u>
Unrealised fair value loss on unlisted equity investment	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,735</u>	<u>6,735</u>
Reversal of provision for loss on onerous contracts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Impairment loss on trade deposits paid and other receivables reversed	<u>-</u>	<u>-</u>	<u>(3,135)</u>	<u>(709)</u>	<u>(3,844)</u>
Written off of property, plant and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>17</u>
(Gain)/loss on disposal of property, plant and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gain on lease termination	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gain on lease modification	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest income	<u>-</u>	<u>-</u>	<u>(35)</u>	<u>(291)</u>	<u>(326)</u>

For the year ended 31 December 2020

	Brokerage and securities margin financing services <i>HK\$'000</i>	Trading and principal investments <i>HK\$'000</i>	Sales of motor vehicles, provision of agency services and accessories sourcing <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to property, plant and equipment	<u>–</u>	<u>–</u>	<u>5</u>	<u>2,614</u>	<u>2,619</u>
Depreciation and amortisation	<u>13</u>	<u>–</u>	<u>556</u>	<u>2,484</u>	<u>3,053</u>
Unrealised fair value losses on securities trading	<u>–</u>	<u>180</u>	<u>–</u>	<u>–</u>	<u>180</u>
Unrealised fair value loss on unlisted equity investment	<u>–</u>	<u>–</u>	<u>–</u>	<u>15,732</u>	<u>15,732</u>
Reversal of provision for loss on onerous contracts	<u>–</u>	<u>–</u>	<u>(4,248)</u>	<u>–</u>	<u>(4,248)</u>
Impairment loss on trade deposits paid and other receivables recognised	<u>–</u>	<u>–</u>	<u>10,841</u>	<u>–</u>	<u>10,841</u>
Written off of property, plant and equipment	<u>–</u>	<u>–</u>	<u>–</u>	<u>252</u>	<u>252</u>
(Gain)/loss on disposal of property, plant and equipment	<u>–</u>	<u>–</u>	<u>(186)</u>	<u>131</u>	<u>(55)</u>
Gain on lease termination	<u>–</u>	<u>–</u>	<u>(24)</u>	<u>(1,696)</u>	<u>(1,720)</u>
Gain on lease modification	<u>–</u>	<u>–</u>	<u>–</u>	<u>(735)</u>	<u>(735)</u>
Interest income	<u>(2)</u>	<u>–</u>	<u>(465)</u>	<u>(802)</u>	<u>(1,269)</u>

The segment assets and segment liabilities of the Group as at 31 December 2021 and 2020 are analysed as follows:

<b>Segment assets</b>	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Brokerage and securities margin financing services	<b>26,676</b>	38,679
Trading and principal investments	<b>1,600</b>	1,190
Sales of motor vehicles, provision of agency services and accessories sourcing	<b>198,787</b>	78,762
Total segment assets	<b>227,063</b>	118,631
Unallocated assets	<b>68,504</b>	124,034
Total consolidated assets	<b>295,567</b>	242,665
<b>Segment liabilities</b>	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Brokerage and securities margin financing services	<b>6,582</b>	16,506
Trading and principal investments	–	–
Sales of motor vehicles, provision of agency services and accessories sourcing	<b>95,385</b>	12,656
Total segment liabilities	<b>101,967</b>	29,162
Unallocated liabilities	<b>14,976</b>	6,886
Total consolidated liabilities	<b>116,943</b>	36,048

Segment assets consist primarily of certain property, plant and equipment, intangible assets, right-of-use assets, statutory deposits and other assets, certain inventories, trade receivables, certain prepayment, deposits and other receivables, pledged deposits, certain financial assets at fair value through profit or loss and certain bank balances and cash.

Segment liabilities consists primarily of trade and bill payables, certain other payables and accruals, contract liabilities, bank and other borrowings, provisions and lease liabilities.

## Geographical information

The Group mainly operates in Hong Kong and the PRC. Revenue from external customers are allocated based on the geographical areas in which the customers are located.

An analysis of the Group's revenue and non-current assets (excluding financial assets) by geographical location are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue</b>		
Hong Kong	889	1,269
The PRC	<u>23,293</u>	<u>67,800</u>
	<u><b>24,182</b></u>	<u><b>69,069</b></u>
<b>Non-current assets (excluding financial assets)</b>		
Hong Kong	23,166	24,881
The PRC	<u>5,663</u>	<u>6,682</u>
	<u><b>28,829</b></u>	<u><b>31,563</b></u>

The geographical location of non-current assets (excluding financial assets) is based on the physical location of assets (in the case of property, plant and equipment and right-of-use asset), the location of the operations to which they are allocated (in the case of intangible assets, statutory deposits and other assets, rental and other deposits paid), and location of operations (in the case of interests in associates).

## Information about major customers

Revenue from customers contributing over 10% of the Group revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Sales of motor vehicles, provision of agency services and accessories sourcing</b>		
Customer A	9,112	N/A <sup>#</sup>
Customer B	6,944	N/A <sup>#</sup>
Customer C	2,684	N/A <sup>#</sup>
Customer D	N/A <sup>*</sup>	38,296
Customer E	<u>N/A<sup>*</sup></u>	<u>28,790</u>

\* The customer D and customer E did not contribute over 10% of the Group's revenue for the year ended 31 December 2021.

# The customer A, customer B and customer C did not contribute over 10% of the Group's revenue for the year ended 31 December 2020.

## 6. OTHER INCOME AND LOSSES, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Other income</b>		
CCASS fee income	21	21
Interest income from bank deposits	54	60
Other interest income ( <i>Note a</i> )	272	1,209
Dividends from financial assets at fair value through profit or loss	–	100
Deposits received on disposal of subsidiary forfeited	–	710
Government grants and subsidies ( <i>Note b</i> )	–	4,922
Sundry income	118	175
	<u>465</u>	<u>7,197</u>
<b>Other gains and losses</b>		
Fair value gain/(loss) on financial assets at fair value through profit or loss		
Unrealised fair value gain/(loss) on securities trading	250	(180)
Unrealised fair value loss on unlisted equity investment	(6,735)	(15,732)
	<u>(6,485)</u>	<u>(15,912)</u>
Exchange losses, net	(27)	(87)
Gain on lease termination	–	1,720
Gain on lease modification	–	735
Gain on disposal of property, plant and equipment	–	55
Written off of property, plant and equipment	(17)	(252)
	<u>(6,529)</u>	<u>(13,741)</u>
Other losses, net	<u>(6,529)</u>	<u>(13,741)</u>
Other income and losses, net	<u><u>(6,064)</u></u>	<u><u>(6,544)</u></u>

### Notes:

- (a) The other interest income of the Group arose from the short-term advances made by the Group to its customers and certain third parties, which were fully repaid up to the end of the reporting period.
- (b) The conditions for the government grants and subsidies have been fulfilled by the Group up to the end of the reporting period.

## 7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank borrowings	1	45
Interest on lease liabilities	97	149
Interest on other borrowings		
– Secured	152	–
– Unsecured (related party)	–	7
	<u>250</u>	<u>201</u>

## 8. LOSS BEFORE INCOME TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before income tax has been arrived at after charging:		
Auditor's remuneration		
– audit services	600	600
– non-audit services	100	80
Legal and professional fees	607	840
Consultancy fees	3,838	929
Exhibition and marketing fee	580	1,753
Transportation, accessories and storage	101	25
	<u>101</u>	<u>25</u>

The above expenses are included in other expenses presented in the consolidated statement of profit or loss and other comprehensive income.

## 9. INCOME TAX CREDIT

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax	–	–
Deferred tax credit	(182)	(182)
	<u>(182)</u>	<u>(182)</u>

No provision for Hong Kong profits tax and PRC enterprise income tax has been made in the consolidated financial statements as the group companies incurred tax losses for the year (2020: Nil).

## 10. LOSS PER SHARE

### (a) Basic loss per share

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(32,090)</u>	<u>(41,399)</u>
	2021 '000	2020 '000
<b>Number of shares</b>		
Number of ordinary shares for the purpose of basic loss per share	<u>7,748,958</u>	<u>7,748,958</u>

### (b) Diluted loss per share

The computation of diluted loss per share for the years ended 31 December 2021 and 2020 do not assume the exercise of the Company's share options which had anti-diluted effect and would result in a reduction in loss per share for the years ended 31 December 2021 and 2020.

No diluted loss per share for both of the years ended 31 December 2021 and 2020 is presented as there were no potential ordinary shares in issue for both of the years ended 31 December 2021 and 2020.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Equity securities listed in Hong Kong	1,448	1,198
Unlisted equity investment	<u>10,854</u>	<u>17,199</u>
	<u>12,302</u>	<u>18,397</u>
Analysed for reporting as:		
Non-current assets	10,854	17,199
Current assets	<u>1,448</u>	<u>1,198</u>
	<u>12,302</u>	<u>18,397</u>

## 12. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables arising from securities brokerage business:		
Margin clients	–	2,433
Cash clients	41	1,099
Hong Kong Securities Clearing Company Limited (“HKSCC”) (net)	214	466
Trade receivables arising from trading of motor vehicles	<u>1,917</u>	<u>11,837</u>
	<u><u>2,172</u></u>	<u><u>15,835</u></u>

### Receivables arising from margin clients

Trade receivables from margin clients at 31 December 2020 are repayable on demand, bearing interest at prevailing market rates and are secured by clients' pledged securities which are listed on the Stock Exchange with a total market value of approximately HK\$15,457,000 as at that date. The Group considers that the credit risk arising from the receivables from margin clients is significantly mitigated by the client's pledged securities.

### Receivables arising from cash clients and HKSCC

The settlement terms of the receivables arising from cash clients and HKSCC are one or two trade days after the trade execution date.

Aged analysis of receivables arising from securities brokerage business is not presented as management of the Company considers that the aged analysis does not give additional value in view of the nature of this business.

### Receivables from trading of motor vehicles

The receivables from customers in respect of the trading of motor vehicles are due in 120 days from date of billing.

The following is an aged analysis of the trade receivables arising from trading of motor vehicles based on invoice dates at the reporting period:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	–	3,132
31 to 90 days	–	316
91 to 180 days	–	7,148
181 to 365 days	1,917	800
Over 365 days	<u>–</u>	<u>441</u>
	<u><u>1,917</u></u>	<u><u>11,837</u></u>

### 13. TRADE AND BILL PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Payables arising from securities brokerage business:		
Margin clients	97	9,680
Cash clients	6,312	6,627
Bill payables	63,288	–
Other trade payables	6	6
	<u>69,703</u>	<u>16,313</u>

Payables to margin clients are repayable on demand. The settlement terms of amounts payable arising from cash clients are one or two trade days after the trade execution date.

Aged analysis of payables arising from securities brokerage business is not presented as management of the Company considers that the aged analysis does not give additional value in view of the nature of this business.

The following is an aged analysis of bill and other trade payables based on invoice dates:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
91 to 180 days	38,045	–
181 to 365 days	25,243	–
Over 365 days	6	6
	<u>63,294</u>	<u>6</u>

Bill payables were secured by the pledged deposits.

### 14. PROVISIONS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Provision for loss on onerous contracts	<u>12,700</u>	<u>12,350</u>

### 15. DIVIDENDS

The Directors of the Company do not recommend any payment of a dividend in respect of the year ended 31 December 2021 (2020: Nil).

## BUSINESS REVIEW

The Group recorded a loss of approximately HK\$32.1 million for the year ended 31 December 2021, compared with the loss of approximately HK\$41.6 million for the year ended 31 December 2020, it reduced by approximately HK\$9.5 million. As disclosed in the Company's announcement dated 7 March 2022, the loss for the year ended 31 December 2021 was mainly due to (i) the fair value losses amounting to approximately HK\$6.7 million arising from the Group's unlisted equity investment in the limited partnership engaged in investing in new medicine development projects classified as financial assets at fair value through its profit or loss during the year ended 31 December 2021, and (ii) the change of government policy in the PRC on the new automobile emission standard ("China 6 Standard"). The PRC government requires the parallel importers of motor vehicles to obtain certification administered by the Ministry of Ecology and Environment of the PRC ("EE Certification") for China 6 Standard imported motor vehicles before offering the same for sale at the market in the PRC (the "Certification Process"). Only a limited number of the Group's China 6 Standard imported motor vehicles have gone through the Certification Process and could be offered for sale in the PRC during the year ended 31 December 2021 and thus causing the business under this segment was seriously affected.

The Group for the year ended 31 December 2021 recorded total revenue of approximately HK\$24.2 million, which was a decrease of approximately HK\$44.9 million compared with the last year. It was due to a record of sales of motor vehicles, provision of agency services and accessories sourcing segment approximately HK\$23.3 million for the year ended 31 December 2021, compared with approximately HK\$67.8 million for the previous year, representing a decrease of approximately HK\$44.5 million.

The performance of the sales of motor vehicles segment has been seriously affected since the outbreak of COVID-19 pandemic, the on-going Sino-US trade war and the change of the PRC government policy. For the year ended 31 December 2021, the Group recorded the revenue of sales of motor vehicles where the Group acts as principal approximately HK\$21.6 million and agency and service fees income from accessories sourcing approximately HK\$1.7 million. Approximately HK\$62.7 million and approximately HK\$5.1 million were recorded respectively for the revenue of sales of motor vehicles where the Group acts as principal and agency and service fees income from accessories sourcing for the year ended 31 December 2020.

In 2019, the Group invested in the new medicine development market in the PRC, the limited partnership of the Group co-operates with its business partner in the joint development of four new medicines in the treatment of lymphoma, cell tumors, colorectal cancer and multidrug-resistant tuberculosis. As at 31 December 2021, one of the new medicines has entered into the phase I of clinical trial and the others are still in the researching stage.

For proprietary stock trading, the Group recorded an unrealised gain of approximately HK\$0.3 million for the year ended 31 December 2021.

## **FINANCIAL REVIEW**

### **Results of the Group**

The Group recorded total revenue of approximately HK\$24.2 million for the year ended 31 December 2021 as compared to total revenue of approximately HK\$69.1 million for the previous year, representing a decrease of approximately HK\$44.9 million or approximately 65.0%. The sharp decrease of revenue was primarily due to the decrease in sales of motor vehicles business in PRC.

The Group recorded a loss for the year amounted to approximately HK\$32.1 million, compared with a loss of approximately HK\$41.6 million for the last year, representing a decrease of loss of approximately 22.8%.

The loss included the fair value losses arising from the Group's interest in the limited partnership engaged in the business of investing in new medicine development projects at the fair value through its profit and loss of approximately HK\$6.7 million for the year under review, compared with fair value losses of approximately HK\$15.7 million for the previous year.

The loss also included the impairment loss on trade deposits paid and other receivables reversed of approximately HK\$3.8 million for the year under review, compared with impairment loss on trade deposits paid and other receivables recognised of approximately HK\$10.8 million for the previous year.

No provision was needed for such onerous contracts in the sales of motor vehicles, provision of agency services and accessories sourcing segment for the year under review, compared with provision for onerous contracts reversed of approximately HK\$4.3 million for the previous year.

### **Liquidity and financial resources**

The Group's current assets as at 31 December 2021 amounted to approximately HK\$255.9 million compared with approximately HK\$193.9 million as at 31 December 2020 and the liquidity of the Group, as demonstrated by the current ratio (current assets over current liabilities) was 2.5 times, compared with 6.0 times for previous year. Among them, the financial assets at fair value through profit or loss were approximately HK\$1.4 million (2020: approximately HK\$1.2 million) which invested the equity securities listed in Hong Kong. As at 31 December 2021, the Group's cash and bank balances and pledged deposits were approximately HK\$121.3 million (2020: approximately HK\$109.8 million) of which approximately HK\$6.1 million (2020: approximately HK\$16.3 million) were held on behalf of clients in trust and segregated accounts and approximately HK\$61.0 million were pledged deposits (2020: HK\$Nil).

As at 31 December 2021, the Group's total borrowings amounted to approximately HK\$10.0 million, which wholly repayable in October 2023 (2020: approximately HK\$0.2 million was repayable within one year). That borrowings were secured by charges over the Group's leasehold land and buildings as well as corporate guarantee issued by the Company. The gearing ratio of the Group as at 31 December 2021 (calculated by the total liabilities of approximately HK\$116.9 million over equity attributable to the owners of the Company of approximately HK\$178.4 million) is 65.5% (2020: 17.5%). Taking into account of the amount of liquid assets in hand, the Board is of the view that the Group has sufficient financial resources for future development of the existing business of the Group and other business when investment opportunities arise.

The equity attributable to the owners of the Company amounted to approximately HK\$178.4 million as at 31 December 2021, representing a decrease of approximately HK\$28.0 million, or 13.6% from that of 31 December 2020. The decrease was mainly due to loss for the year attributable to the owners of the Company.

The Group manages the foreign exchange exposure arising from its normal course of business activities and investments in foreign operations by funding its local operations and investments through cash flow generated from business transaction locally. As at the end of the year, the Group did not have any material un-hedged foreign exchange exposure of interest rate mismatch. Foreign currency exposure did not pose a significant risk for the Group. However, we will continue to stay vigilant and closely monitor our exposure to movements of relevant currency.

### **Capital structure**

As at 31 December 2021, the Company's issued share capital was 7,748,958,120 shares of HK\$0.01 each.

## **Sales of motor vehicles, provision of agency services and accessories sourcing**

It recorded approximately HK\$23.3 million of revenue for the year under review compared with approximately HK\$67.8 million for the last year, representing a decrease of revenue of approximately 65.6%. It is principally engaged in motor vehicles business in PRC, in particular, sales of motor vehicles and motor vehicles parts. For the year under review, the change in government policy in relation to automobile emission standard in the PRC, it led to the motor vehicles business was seriously affected. As the Certification Process for those China 6 Standard motor vehicles of the Group have taken longer than expected and only a limited number of the Group's China 6 Standard imported motor vehicles have gone through the Certification Process and could be offered for sale in the PRC and incurred a slight profit of approximately HK\$0.5 million for the year (2020: loss approximately HK\$1.9 million) which is arrived at after taking into impairment loss on trade deposits paid and other receivables reversed amounted to approximately HK\$3.8 million (2020: impairment loss on trade deposits paid and other receivables recognised of approximately HK\$10.8 million).

## **Brokerage and securities margin financing service**

Total revenue of this segment recorded approximately HK\$0.9 million for the year ended 31 December 2021, compared with approximately HK\$1.3 million for the last year. This segment loss reached approximately HK\$1.2 million while loss of approximately HK\$1.6 million for the last year.

## **Trading and principal investments**

The securities trading recorded no realised gain or loss for the years ended 31 December 2021 and 2020. It recorded an unrealised fair value gains of approximately HK\$0.3 million for the year under review, compared with an unrealised fair value losses of approximately HK\$0.2 million of the previous year. This segment showed an operating loss of approximately HK\$3.4 million for the year ended 31 December 2021 and it recorded a loss of approximately HK\$5.5 million for the last year.

## OUTLOOK

As at 31 December 2021, almost 96.3% revenue of the Group came from the segment of sales of motor vehicles, provision of agency services and accessories sourcing in the PRC.

As disclosed in the circular of the Company dated 19 March 2018, the motor vehicles business has a risk of reliance on a small number of customers. As at 31 December 2021, 重慶盛渝泓嘉國際貿易有限公司 (transliterated as Chongqing Sheng Yu Hong Jia International Trading Company Limited) (“Sheng Yu Hong Jia”) has improved its number of customers and increased to 54 customers and with 37 customers in the progress of negotiation. Sheng Yu Hong Jia will strive to increase more customers to reduce the level of reliance in the future.

As disclosed in the announcement of the Company dated 7 March 2022, due to the change of government policy in the PRC on the China 6 Standard imported motor vehicles, the PRC government requires the parallel importers of motor vehicles to obtain EE Certificate for China 6 Standard imported motor vehicles before offering the same for sale in the PRC. As at 31 December 2021, the Group obtained EE Certification for two types of China 6 Standard imported motor vehicles, and the others are still in the Certification Process. The Group has been closely monitoring the Certificate Process for their imported China 6 Standard motor vehicles. The Group expects the business performance of this segment will be improved if more Group’s China 6 Standard imported motor vehicles can be offered for sale in the PRC.

After the three years’ efforts since the implementation of the 13th Five-Year Plan (2016-2020), the PRC has been reforming the regulatory landscape in the pharmaceutical industry leading it has a steady growth in the past few years, especially for major new medicines development like the promotion of more lifesaving and safe medicines to be listed and included in medical insurance. Therefore, the Company decided to divert the Group’s resources to invest in the new medicine development market in the PRC through its investment in a limited partnership which can attain diversification of the Group’s business.

The Group is optimistic and confident in the prospects of the China and Hong Kong stock markets and will continue to develop other businesses and seek opportunities to expand its revenue sources to enhance the Group’s revenue.

## **CHARGES ON ASSETS**

Leasehold land and buildings of the Group with a carrying amount of approximately HK\$22.7 million (2020: approximately HK\$24.3 million) were pledged for credit facilities granted to the Group.

## **CONTINGENT LIABILITIES**

As at 31 December 2021, the Group did not have any contingent liabilities (2020: Nil).

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES/FUTURE PLAN FOR MATERIAL INVESTMENTS**

There was no other material acquisition/disposal which would have been required to be disclosed under the GEM Listing Rules for the year under review and the Group has no concrete plans for any material investments.

## **EMPLOYEE INFORMATION**

As at 31 December 2021, the Group had a workforce of 49 employees (2020: 47). The total staff costs, including Directors' emoluments, amounted to approximately HK\$14.1 million for the year ended 31 December 2021 (2020: approximately HK\$18.7 million). The Group's remuneration policies are reviewed on an annual basis and commensurate with the industry pay level. The remuneration package includes basic salary, provident fund, medical benefits and discretionary bonus. The Group has also adopted a share option scheme as an added incentive for its employees.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company's Directors have complied with such code of conduct and the required standard of dealings.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## **CORPORATE GOVERNANCE PRACTICES**

The Board assumes overall responsibility for the leadership and control of the Group, including providing and setting the Group's directions and strategies in the interests of the Group. It believes in good corporate governance and corporate governance practices that promote investor confidence, development of the Group, and transparency while having the long term interest of the Group and enhancement of shareholders' value as the ultimate objectives. It has adopted the code provision numbering as set out in the amended Corporate Governance Code (effective from 1 January 2022) contained in Appendix 15 of the GEM Listing Rules (the "Corporate Governance Code"). The Company has complied with the applicable code provisions of the Corporate Governance Code, except for the following deviation:

### **Code provision C.2.1**

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Wang Jiawei is the chairman and chief executive officer of the Company. In view of Mr. Wang has extensive experience in project management and securities investments and is responsible for the overall corporate strategies, planning and business development of the Company. Under the supervision by the Board which is comprised of three independent non-executive Directors and a non-executive Director, which represent more than half of the Board, the interests of the shareholders of the Company will be adequately and fairly represented.

## **AUDIT COMMITTEE**

The Company has established an audit committee (“Audit Committee”) with specific written terms of reference. As at 31 December 2021, the Audit Committee consisted of three independent non-executive Directors, Mr. Li Jianxing, Professor Zhang Benzhen and Mr. Chen Shu Wen. Mr. Li Jianxing, being an independent non-executive Director, is the chairman of the Committee. The Audit Committee’s role and function includes making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor; review and monitor the external auditors’ independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; develop and implement policy on the engagement of an external auditor to supply non-audit services; monitor the integrity of financial statements, annual reports and accounts, half-yearly and quarterly reports of the Company, and review significant financial reporting judgments contained in them; review the Company’s financial controls, internal control and risk management systems; and review the Group’s financial and accounting policies, procedures and practices.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2021 pursuant to the relevant provisions contained in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that such statements had complied with applicable accounting standards and that adequate disclosures had been made in respect thereof.

## **SCOPE OF WORK OF CCTH 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 related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group’s auditors, CCTH CPA Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 December 2021. The work performed by CCTH 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 Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH CPA Limited on the preliminary announcement.

The Audit Committee held five meetings during the year and the attendance of its members was as follows:

<b>Members</b>	<b>Attendance number of meetings attended/ Number of meetings during term of service</b>
Li Jianxing	5/5
Zhang Benzhen	5/5
Chen Shu Wen	5/5

By order of the Board  
**Sinofortune Financial Holdings Limited**  
**Wang Jiawei**  
*Chairman*

Hong Kong, 18 March 2022

*As of the date of this announcement, the executive Directors are Mr. Wang Jiawei and Ms. Lai Yuk Mui, the non-executive Director is Mr. Liu Runtong and the independent non-executive Directors are Professor Zhang Benzhen, Mr. Li Jianxing and Professor Chen Shu Wen.*

*This announcement will remain on the “Latest Company Announcements” page of the website of the GEM of the Stock Exchange at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the Company’s website at <http://www.sinofortune.hk>.*