



**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)

Interim Report  
**2022**



## **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 report, 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 report 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 report misleading.*

## Highlights

The Group recorded a revenue of approximately HK\$58,439,000 for the six months ended 30 June 2022.

Loss for the six months ended 30 June 2022 was approximately HK\$13,481,000.

Loss attributable to owners of the Company for the six months ended 30 June 2022 amounted to approximately HK\$13,471,000.

Basic loss per share was 0.17 HK cent.

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2022.



## Interim Report (Unaudited)

The board of Directors of the Company (the “Board”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2022 together with the comparative unaudited figures for the period ended 30 June 2021.

### Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	3	43,363	2,186	58,439	5,157
Other income and losses, net	5	(29)	2,392	(44)	2,744
Changes in inventories of finished goods		(43,151)	(1,949)	(58,104)	(2,817)
Other direct costs		(15)	(41)	(37)	(126)
Employee benefit expenses		(3,488)	(3,544)	(6,992)	(7,113)
Depreciation of property, plant and equipment		(485)	(509)	(981)	(1,042)
Depreciation of right-of-use assets		(355)	(364)	(727)	(725)
Amortisation of intangible assets		-	-	-	(3)
Finance costs		(239)	(25)	(478)	(57)
Other expenses		(2,326)	(3,035)	(4,557)	(5,751)
Loss before income tax		(6,725)	(4,889)	(13,481)	(9,733)
Income tax expense	6	-	-	-	-
<b>Loss for the period</b>		<b>(6,725)</b>	<b>(4,889)</b>	<b>(13,481)</b>	<b>(9,733)</b>

	Note	Three months ended 30 June		Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Other comprehensive (loss)/income</b>					
<i>Item that may be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		(7,031)	2,292	(6,070)	1,403
Other comprehensive (loss)/income for the period, net of tax		(7,031)	2,292	(6,070)	1,403
<b>Total comprehensive loss for the period</b>		<b>(13,756)</b>	<b>(2,597)</b>	<b>(19,551)</b>	<b>(8,330)</b>
<b>Loss for the period attributable to:</b>					
Owners of the Company		(6,722)	(4,887)	(13,471)	(9,728)
Non-controlling interests		(3)	(2)	(10)	(5)
		<b>(6,725)</b>	<b>(4,889)</b>	<b>(13,481)</b>	<b>(9,733)</b>
<b>Total comprehensive (loss)/income for the period attributable to:</b>					
Owners of the Company		(13,742)	(2,598)	(19,532)	(8,327)
Non-controlling interests		(14)	1	(19)	(3)
		<b>(13,756)</b>	<b>(2,597)</b>	<b>(19,551)</b>	<b>(8,330)</b>

		Three months ended 30 June		Six months ended 30 June	
		2022 HK cent (unaudited)	2021 HK cent (unaudited)	2022 HK cent (unaudited)	2021 HK cent (unaudited)
<b>Loss per share attributable to owners of the Company for the period</b>					
Basic loss per share	7	(0.08)	(0.06)	(0.17)	(0.13)
Diluted loss per share	7	N/A	N/A	N/A	N/A

## Condensed Consolidated Statement of Financial Position

		At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment		23,687	24,791
Right-of-use assets		483	1,244
Statutory deposits and other assets		405	405
Interests in associates		967	682
Financial assets at fair value through profit or loss	8	10,380	10,854
Rental and other deposits paid	10	1,633	1,707
		<b>37,555</b>	39,683
<b>Current assets</b>			
Inventories		2,019	42
Trade receivables	9	1,943	2,172
Financial assets at fair value through profit or loss	8	1,049	1,448
Prepayments, deposits and other receivables	10	173,254	130,893
Pledged deposits		21,925	60,971
Bank balances and cash – trust accounts		6,111	6,116
Bank balances and cash – general accounts		30,743	54,242
		<b>237,044</b>	255,884
<b>Total assets</b>		<b>274,599</b>	295,567
<b>Current liabilities</b>			
Trade and bill payables	11	30,483	69,703
Other payables and accruals		1,687	1,458
Contract liabilities	12	58,144	19,237
Provisions	13	12,145	12,700
Lease liabilities		504	1,282
		<b>102,963</b>	104,380

	Note	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
<b>Net current assets</b>		<b>134,081</b>	151,504
<b>Total assets less current liabilities</b>		<b>171,636</b>	191,187
<b>Non-current liabilities</b>			
Bank and other borrowings		<b>10,000</b>	10,000
Deferred tax liabilities		<b>2,563</b>	2,563
		<b>12,563</b>	12,563
<b>Net assets</b>		<b>159,073</b>	178,624
<b>Capital and reserves</b>			
Share capital	14	<b>77,489</b>	77,489
Reserves		<b>81,383</b>	100,915
<b>Equity attributable to owners of the Company</b>		<b>158,872</b>	178,404
<b>Non-controlling interests</b>		<b>201</b>	220
<b>Total equity</b>		<b>159,073</b>	178,624

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company						Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000			
Balance at 1 January 2021 (audited)	77,489	1,673,299	4,779	3,912	(11,222)	(1,541,866)	206,391	226	206,617
Loss for the period	-	-	-	-	-	(9,728)	(9,728)	(5)	(9,733)
Other comprehensive income for the period	-	-	-	-	1,401	-	1,401	2	1,403
Balance at 30 June 2021 (unaudited)	77,489	1,673,299	4,779	3,912	(9,821)	(1,551,594)	198,064	223	198,287
Balance at 1 January 2022 (audited)	77,489	1,673,299	4,779	3,912	(7,119)	(1,573,956)	178,404	220	178,624
Loss for the period	-	-	-	-	-	(13,471)	(13,471)	(10)	(13,481)
Other comprehensive loss for the period	-	-	-	-	(6,061)	-	(6,061)	(9)	(6,070)
Balance at 30 June 2022 (unaudited)	77,489	1,673,299	4,779	3,912	(13,180)	(1,587,427)	158,872	201	159,073

## Condensed Consolidated Statement of Cash Flows

	For the six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(23,213)	(44,502)
Net cash used in investing activities	(286)	(1)
Net cash used in financing activities	-	(186)
Net decrease in cash and cash equivalents	(23,499)	(44,689)
Cash and cash equivalents at the beginning of period	54,242	93,556
<b>Cash and cash equivalents at the end of period</b>	<b>30,743</b>	<b>48,867</b>
Cash and cash equivalents included the following for the purposes of the condensed consolidated statement of cash flows:		
Bank balances and cash	58,779	95,903
Pledged deposits	(21,925)	(37,338)
Bank balances and cash – trust accounts	(6,111)	(9,698)
Cash and cash equivalents	30,743	48,867

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 condensed consolidated financial statements are presented in Hong Kong dollars as management of the Company considered it is more beneficial to users of the condensed consolidated financial statements. All values stated in these condensed consolidated financial statements are rounded to the nearest thousands Hong Kong dollars (HK\$’000), unless otherwise stated. These condensed consolidated financial statements have been approved and authorized for issuing by the Board of Directors on 5 August 2022.

## 2. Basis of Preparation

The condensed 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. For the purpose of preparation of the condensed consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the condensed consolidated financial statements included 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.

The condensed consolidated financial statements have been prepared under the historical cost convention, except for the recognition of certain financial assets at fair value through profit or loss.

The principal accounting policies applied in the preparation of these condensed consolidated financial statements were consistent with those applied for the financial statements of the Group for the year ended 31 December 2021.

### 3. Revenue

#### Disaggregation of revenue

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

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<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	73	182	173	538
Sales of motor vehicles where the Group acts as principal	43,278	1,951	58,249	2,820
Agency and service fees income from accessories sourcing	9	8	9	1,717
	<b>43,360</b>	<b>2,141</b>	<b>58,431</b>	<b>5,075</b>
<b>Revenue from other sources</b>				
Interest income from securities and futures brokerage services	3	45	8	82
Total revenue	<b>43,363</b>	<b>2,186</b>	<b>58,439</b>	<b>5,157</b>
<b>Disaggregated by timing of revenue recognition within the scope of HKFRS 15</b>				
Over time	–	–	–	–
At point in time	43,360	2,141	58,431	5,075
	<b>43,360</b>	<b>2,141</b>	<b>58,431</b>	<b>5,075</b>

#### 4. 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

The Group’s revenue and results of the reportable segments for the six months ended 30 June 2022 is as follows:

	Brokerage and securities margin financing services HK\$'000 (unaudited)	Trading and principal investments HK\$'000 (unaudited)	Sales of motor vehicles, provision of agency services and accessories sourcing HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue				
External sales	181	–	58,258	58,439
Inter-segment sales	–	–	–	–
	181	–	58,258	58,439
Segment loss	(476)	(2,081)	(1,868)	(4,425)
Interest income				8
Other income and losses, net				258
Unallocated expenses				(8,844)
Finance costs				(478)
Loss before income tax				(13,481)
Income tax expense				–
Loss for the period				(13,481)

The Group's revenue and results of the reportable segments for the six months ended 30 June 2021 is as follows:

	Brokerage and securities margin financing services HK\$'000 (unaudited)	Trading and principal investments HK\$'000 (unaudited)	Sales of motor vehicles, provision of agency services and accessories sourcing HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue				
External sales	620	-	4,537	5,157
Inter-segment sales	-	-	-	-
	620	-	4,537	5,157
Segment (loss)/profit	(576)	(1,309)	984	(901)
Interest income				7
Other income and losses, net				765
Unallocated expenses				(9,547)
Finance costs				(57)
Loss before income tax				(9,733)
Income tax expense				-
Loss for the period				(9,733)

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.

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Revenue</b>		
Hong Kong	181	620
The PRC	58,258	4,537
	58,439	5,157

## 5. Other Income and Losses, Net

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Other income</b>				
CCASS fee income	3	5	6	13
Handling fee income	3	5	4	17
Interest income from bank deposits	36	1,448	41	1,463
Sundry income	328	765	304	792
Other income	370	2,223	355	2,285
<b>Other gains and losses</b>				
Fair value (loss)/gain on financial assets at fair value through profit or loss				
Unrealised fair value (loss)/gain on securities trading	(399)	169	(399)	459
Other (losses)/gains, net	(399)	169	(399)	459
Other income and losses, net	(29)	2,392	(44)	2,744

## 6. Income Tax Expense

No provision for Hong Kong profits tax and PRC enterprise income tax has been made in the condensed consolidated financial statements as the group companies incurred tax losses for the six months ended 30 June 2022 (2021: Nil).

## 7. 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:

	<b>Six months ended 30 June</b>	
	<b>2022 HK\$'000 (unaudited)</b>	<b>2021 HK\$'000 (unaudited)</b>
<b>Loss</b>		
Loss for the period attributable to owners of the Company	<b>(13,471)</b>	(9,728)

	<b>Six months ended 30 June</b>	
	<b>2022 '000</b>	<b>2021 '000</b>
<b>Number of shares</b>		
Number of ordinary shares for the purpose of basic loss per share	<b>7,748,958</b>	7,748,958

### (b) Diluted loss per share

No diluted loss per share for both of the six months ended 30 June 2022 and 2021 is presented as there were no potential ordinary shares in issue for both of the six months ended 30 June 2022 and 2021.

## 8. Financial Assets at Fair Value Through Profit or Loss

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Equity securities listed in Hong Kong (Note 1)	1,049	1,448
Unlisted equity investments (Note 2)	10,380	10,854
	<b>11,429</b>	12,302
Analysed for reporting as:		
Non-current assets	10,380	10,854
Current assets	1,049	1,448
	<b>11,429</b>	12,302

## Notes:

1. The fair value of equity securities listed in Hong Kong is based on their current bid prices in an active market.
2. Unlisted equity investment represents the Group entered into a limited partnership agreement with 成都藍葆坤企業管理中心 (transliterated as Chengdu Lan Bao Kun Business Management Centre) ("General Partner") for 50% ownership investment in a limited partnership, 成都藍葆震企業管理中心 (transliterated as Chengdu Lan Bao Zhen Business Management Centre) ("Limited Partnership"). The Group acted as a limited partner in the Limited Partnership with injected capital of RMB30,000,000 (equivalent to approximately HK\$33,324,000). According to the limited partnership agreement, all decisions related to the relevant activities of the Limited Partnership are made by the General Partner, which is independent from the Group, and the term of Limited Partnership is five years from the issuance date of the business licence. The General Partner has the right to extend the term of the Limited Partnership.

Pursuant to the terms of the limited partnership agreement, the principal asset of the Limited Partnership is a 90% equity owned PRC subsidiary, 成都嘉葆藥銀醫藥科技有限公司 (transliterated as Chengdu Jia Bao Yao Yin Medicine Technology Company Limited) (“Chengdu Jia Bao Yao Yin”), which is principally engaged in investing and participation in new medicine development projects in the PRC. In 2019, Chengdu Jia Bao Yao Yin entered into a joint development agreement with a business partner to co-operate in the joint development of three new medicines and acquired the patent of a medicine from the business partner.

Financial assets at fair value through profit or loss (“FVTPL”) are presented within “operating activities” in respect of held for trading equity securities and “investing activities” in respect of financial assets classified at FVTPL respectively in the condensed consolidated statement of cash flows.

Changes in fair values of financial assets at FVTPL are recorded in “other income and losses, net” in the condensed consolidated statement of profit or loss and other comprehensive income.

## 9. Trade Receivables

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Trade receivables arising from securities brokerage business:		
Cash clients	88	41
Hong Kong Securities Clearing Company Limited (“HKSCC”) (net)	22	214
Trade receivables arising from trading of motor vehicles	1,833	1,917
	<b>1,943</b>	2,172

No client’s pledged securities are secured as at 30 June 2022.

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

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

The trade receivables from customers arising from trading of motor vehicles that were past due but not impaired at 30 June 2022 is related to a customer that had a good track record of credit with the Group. Based on past credit history and its financial background, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

The following is an aged analysis of trade receivables based on invoice dates at the reporting period:

	<b>At 30 June 2022 HK\$'000 (unaudited)</b>	<b>At 31 December 2021 HK\$'000 (audited)</b>
181 to 365 days	<b>1,399</b>	1,917
Over 365 days	<b>434</b>	–
	<b>1,833</b>	1,917

The maximum exposure to credit risk at the end of reporting period is the carrying amounts of trade receivables.

## 10. Prepayments, Deposits and Other Receivables

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Deposits paid for acquisition of motor vehicles for resale	166,009	123,536
Advance payment for acquisition of a property	1,633	1,707
Other deposits and prepayments	1,684	1,982
<b>Total deposits and prepayments</b>	<b>169,326</b>	127,225
Other receivables		
Value added tax recoverable	561	1,382
Sundry receivables	5,000	3,993
<b>Total other receivables</b>	<b>5,561</b>	5,375
	<b>174,887</b>	132,600
Analysed for reporting as:		
Non-current assets	1,633	1,707
Current assets	173,254	130,893
	<b>174,887</b>	132,600

## 11. Trade and Bill Payables

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Payables arising from securities broking business:		
Margin clients	468	97
Cash clients	5,869	6,312
Bill payables	24,140	63,288
Other trade payables	6	6
	<b>30,483</b>	69,703

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 at the reporting period:

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
91 to 180 days	–	38,045
181 to 365 days	24,140	25,243
Over 365 days	6	6
	<b>24,146</b>	63,294

## 12. Contract Liabilities

	<b>At 30 June 2022 HK\$'000 (unaudited)</b>	<b>At 31 December 2021 HK\$'000 (audited)</b>
Advance payments from customers	<b>58,144</b>	19,237

Contract liabilities of the Group, which are expected to be settled within the Group's normal operating cycle, are classified as current.

The contract liabilities are expected to be recognised as revenue within one year.

The payment terms have impact on the amount of contract liabilities recognised. The Group will give rise to contract liabilities at the start of a contract until the consideration received is recognised as revenue.

## 13. Provisions

	<b>At 30 June 2022 HK\$'000 (unaudited)</b>	<b>At 31 December 2021 HK\$'000 (audited)</b>
Provision for loss on onerous contracts	<b>12,145</b>	12,700

As at 30 June 2022, provision for loss on onerous contracts are at carrying amount of HK\$12,145,000 (31 December 2021: HK\$12,700,000) represents the management's best estimate of the costs and other charges that are required to settle the obligations and liabilities under the purchase agreement with the supplier.

#### 14. Share Capital and Premium

	Number of shares '000	Share capital HK\$'000	Share premium HK\$'000	Total HK\$'000
<b>Ordinary shares of HK\$0.01 each</b>				
Issued and fully paid				
At 1 January 2022 and				
30 June 2022	7,748,958	77,489	1,673,299	1,750,788

The authorised ordinary shares of the Company comprise 10,000,000,000 shares (31 December 2021: 10,000,000,000 shares) with a par value of HK\$0.01 per share (31 December 2021: HK\$0.01 per share).

#### 15. Dividend

The Directors of the Company do not recommend any payment of a dividend in respect for the six months ended 30 June 2022 (2021: Nil).

## Business Review

The Group recorded revenue of approximately HK\$58.44 million and a loss of approximately HK\$13.48 million for the six months ended 30 June 2022, compared with the revenue of approximately HK\$5.16 million and the loss of approximately HK\$9.73 million for the same period in 2021, they significantly increased by approximately HK\$53.28 million and approximately HK\$3.75 million respectively. As disclosed in the Company's announcement dated 29 July 2022, the loss is mainly due to the decrease in the selling price of the motor vehicles sold by the Group for the six months ended 30 June 2022. The Group, with the aim to push up the sales under the widespread preventive and control measures under COVID-19 in the PRC, has lowered the selling price of its motor vehicles. Although the sale volume of the motor vehicles was increased, the profits under this business segment had not improved for the six months ended 30 June 2022.

For the period ended 30 June 2022, the Group recorded the revenue of sales of motor vehicles where the Group acts as principal approximately HK\$58.25 million and agency and service fees income from accessories sourcing less than HK\$0.01 million. Approximately HK\$2.82 million and approximately HK\$1.72 million were recorded respectively for the revenue of sales of motor vehicles where the Group acts as principal and an agency and services fees income from accessories sourcing for the period ended 30 June 2021.

Regarding investment in the new medicine development market in the PRC, the Group cooperates in the joint development of four new medicines in the treatment of lymphoma, cell tumors, colorectal cancer and multidrug-resistant tuberculosis through its investment in a limited partnership. As at 30 June 2022, two of the new medicines have 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 loss of approximately HK\$0.40 million and no realised gain or loss for the period under review.

## Financial Review

The Group recorded an unaudited revenue of approximately HK\$58.44 million for the six months ended 30 June 2022 as compared to approximately HK\$5.16 million for the corresponding period in 2021, there was an increase of approximately HK\$53.28 million or 10.3 times. The increase of revenue was mainly due to the increase in the sales of motor vehicles business in the PRC.

The segment of sales of motor vehicles, provision of agency services and accessories sourcing recorded revenue of approximately HK\$58.26 million for the six months ended 30 June 2022 and it recorded approximately HK\$4.54 million of revenue for the last corresponding period. As the pace of certificate process is improved and more Group's China 6 Standard imported motor vehicles can be offered for sale in the PRC. The Group has lowered the selling price of its motor vehicles to push up the sales under the widespread preventive and control measures under COVID-19 in the PRC. Although the sale volume of the motor vehicles was increased, the profits under this business segment had not improved for the period under review.

The Group recorded an unaudited loss for the six months ended 30 June 2022 of approximately HK\$13.48 million compared with an unaudited loss of approximately HK\$9.73 million for the last corresponding period. The basic loss per share attributable to owners for the Company for the reporting period with HK\$0.17 cents compared to HK\$0.13 cents for the same period last year.

## Outlook

As at 30 June 2022, almost 99.7% revenue of the Group came from the segment of sales of motor vehicles, provision of agency services and accessories sourcing in the PRC. Although the motor vehicles business of the Group is affected by the outbreak of COVID-19 pandemic, the uncertainty created by the ongoing Sino-US trade war and the impact of the PRC government policy, the Group will closely monitor the business environment and the change of the PRC government policy in order to make appropriate business strategies.

As disclosed in the announcement dated 7 March 2022 and 2021 annual report of the Company, 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 certification administered by the Ministry of Ecology and Environment of the PRC (“EE Certificate”) for China 6 Standard imported motor vehicles before offering the same for sale in the PRC. As at 30 June 2022, the Group obtained EE Certificate for three types of China 6 Standard imported motor vehicles, and the others are still in the certification process. The Group has been closely monitoring the certification 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.

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 30 June 2022, 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 62 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.

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.

### **Liquidity and Financial Resources**

The Group's current assets as at 30 June 2022 amounted to approximately HK\$237.04 million (31 December 2021: approximately HK\$255.88 million) and the liquidity of the Group, as demonstrated by the current ratio (current assets over current liabilities) was 2.3 times (31 December 2021: 2.5 times). Among them, the financial assets at fair value through profit or loss were approximately HK\$1.05 million (31 December 2021: approximately HK\$1.45 million) which invested in the equity securities listed in Hong Kong. As at 30 June 2022, the Group's bank balances and cash and pledged deposits were approximately HK\$58.78 million (31 December 2021: approximately HK\$121.33 million) of which approximately HK\$6.11 million (31 December 2021: approximately HK\$6.12 million) were held on behalf of clients in trust and segregated accounts and approximately HK\$21.93 million were pledged deposits (31 December 2021: approximately HK\$60.97 million). The gearing ratio of the Group as at 30 June 2022 (calculated by total liabilities over equity attributable to owners of the Company) was 72.7% (31 December 2021: 65.5%).

As at 30 June 2022, the Group's total borrowing amounted was approximately HK\$10.00 million (31 December 2021: approximately HK\$10.00 million). Taking into account of the amount of liquid assets in hand, the Broad 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 owner of the Company amounted to approximately HK\$158.87 million as at 30 June 2022, representing a decrease of approximately HK\$19.53 million, or 10.9% from that of 31 December 2021.

### **Share Capital**

As at 30 June 2022, the authorized share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each and the issued share capital of the Company was approximately HK\$77,489,581 divided into 7,748,958,120 shares of HK\$0.01 each.

## Foreign Exchange Exposure

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 30 June 2022, the Group did not have any material unhedged foreign exchange exposure of interest rate mismatch.

## Employee Information

As at 30 June 2022, the Group had a workforce of 48 employees (31 December 2021: 49). The total staff costs, including directors' emoluments, amounted to approximately HK\$6.99 million for the period ended 30 June 2022 (30 June 2021: approximately HK\$7.11 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.

## Charges on Assets

As at 30 June 2022, leasehold land and buildings of the Group with a carrying amount of approximately HK\$21.91 million (31 December 2021: approximately HK\$22.72 million) were pledged for credit facilities granting to the Group.

## Contingent Liabilities

As at 30 June 2022 and 31 December 2021, the Group did not have any contingent liabilities.

## Significant Investment, Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

The Group did not have any other significant investment, material acquisitions and disposal of subsidiaries, associates and joint ventures during the period ended 30 June 2022.

## Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 June 2022, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### (a) Long positions in shares of the Company

<b>Name of Directors</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Approximate percentage of shareholding</b>
Wang Jiawei	Beneficial owner	2,102,255,935	27.13%
Lai Yuk Mui	Beneficial owner	2,780,127	0.04%
Liu Runtong	Beneficial owner	2,646,000	0.03%

**(b) Long positions in underlying shares of the Company*****Share option scheme of the Company***

The share option scheme adopted by the Company on 21 June 2012 which complies with Chapter 23 of the GEM Listing Rules and has expired on 20 June 2022. As at 30 June 2022, no share option had been granted under the share option scheme and none of the Directors and chief executive have any share options to subscribe for shares of the Company.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executive to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and neither the Directors, nor the chief executive, nor any of their respective spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

**(c) Short positions in underlying shares of the Company**

No short positions of Directors and chief executives in the underlying shares of the equity derivatives of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

## **Substantial Shareholders' And Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company**

### **(a) Long positions in shares of the Company**

As at 30 June 2022, the Directors and the chief executive of the Company are not aware of any person (not being a Director or a chief executive of the Company) who had an interest or short position in the shares or underlying shares which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO.

### **(b) Long positions in underlying shares of the Company**

As at 30 June 2022, the Company had not been notified of any person (other than the Directors whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above) who had an interest or short position in the shares or underlying shares of the Company and was required to be recorded in the register required to be kept under Section 336 of the SFO and/or was directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

## **Details of the Share Options Granted by the Company**

### ***Share Option Scheme of the Company***

The Company operates the share option scheme under which the persons working for the interest of the Group are entitled to an opportunity to obtain equity interest in the Company. The Company adopted a share option scheme which complies with Chapter 23 of the GEM Listing Rules and has expired on 20 June 2022.

The number of shares in respect of which options may be granted under the share option scheme and any other share option schemes are not permitted to exceed 30% of the shares of the Company in issue from time to time, without prior approval from the Company's shareholders.

As at 30 June 2022, no share option under the share option scheme has been granted.

### **Directors' Interest in Competing Business**

As at 30 June 2022, the Directors were not aware of any business or interest of each Director, controlling shareholder (as defined in the GEM Listing Rules) and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

### **Purchase, Sale or Redemption of Listed Securities**

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

### **Compliance with Code on Corporate Governance Practice**

The Company has applied the principles and has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the period under review, save and 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.

## Directors' Securities Transaction

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. Having made specific enquiry of all Directors, all Directors of the Company confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period under review.

## Audit Committee

In compliance with rules 5.28 to 5.33 of the GEM Listing Rules, the Company has established an audit committee with written terms of reference which deal clearly with its authority and duties. The principal duties of the audit committee of the Company are to review and supervise the financial reporting process and internal control procedures of the Group.

The audit committee comprises three independent non-executive Directors, namely Professor Zhang Benzhen, Mr. Li Jianxing and Professor Chen Shu Wen.

The audit committee has reviewed the financial statements of the Group for the six months ended 30 June 2022 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 the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

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

Hong Kong, 5 August 2022

*As of the date of this report, 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.*