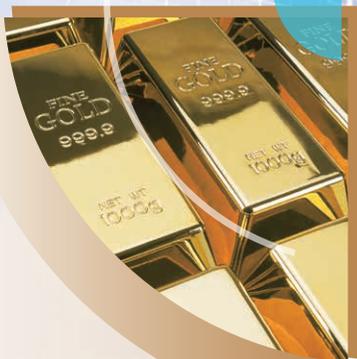




華億金控集團有限公司
SINOFORTUNE FINANCIAL HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 08123)



Interim Report
2023

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\$83,380,000 for the six months ended 30 June 2023.

Loss for the six months ended 30 June 2023 was approximately HK\$13,604,000.

Loss attributable to owners of the Company for the six months ended 30 June 2023 amounted to approximately HK\$13,598,000.

Basic loss per share was 0.18 HK cent.

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2023.

Interim Results (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 2023 together with the comparative unaudited figures for the period ended 30 June 2022.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	3	26,703	43,363	83,380	58,439
Other income and losses, net	5	1,198	(29)	1,696	(44)
Changes in inventories of finished goods		(26,075)	(43,151)	(82,372)	(58,104)
Other direct costs		(15)	(15)	(44)	(37)
Employee benefit expenses		(3,491)	(3,488)	(7,048)	(6,992)
Depreciation of property, plant and equipment		(480)	(485)	(957)	(981)
Depreciation of right-of-use assets		(144)	(355)	(293)	(727)
Finance costs		(627)	(239)	(1,242)	(478)
Other expenses		(2,796)	(2,326)	(6,724)	(4,557)
Loss before income tax		(5,727)	(6,725)	(13,604)	(13,481)
Income tax expense	6	-	-	-	-
Loss for the period		(5,727)	(6,725)	(13,604)	(13,481)

Note	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Other comprehensive loss <i>Item that may be subsequently reclassified to profit or loss:</i> Exchange differences arising on translation of foreign operations	(6,417)	(7,031)	(5,149)	(6,070)
Other comprehensive loss for the period, net of tax	(6,417)	(7,031)	(5,149)	(6,070)
Total comprehensive loss for the period	(12,144)	(13,756)	(18,753)	(19,551)
Loss for the period attributable to:				
Owners of the Company	(5,722)	(6,722)	(13,598)	(13,471)
Non-controlling interests	(5)	(3)	(6)	(10)
	(5,727)	(6,725)	(13,604)	(13,481)
Total comprehensive loss for the period attributable to:				
Owners of the Company	(12,129)	(13,742)	(18,739)	(19,532)
Non-controlling interests	(15)	(14)	(14)	(19)
	(12,144)	(13,756)	(18,753)	(19,551)

	Three months ended 30 June		Six months ended 30 June	
	2023 HK cent (unaudited)	2022 HK cent (unaudited)	2023 HK cent (unaudited)	2022 HK cent (unaudited)
Loss per share attributable to owners of the Company for the period				
Basic loss per share	(0.08)	(0.08)	(0.18)	(0.17)
Diluted loss per share	N/A	N/A	N/A	N/A

Condensed Consolidated Statements of Financial Position

		At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
	Notes		
Non-current assets			
Property, plant and equipment		21,810	22,811
Right-of-use assets		1,258	1,611
Statutory deposits and other assets		405	405
Interests in associates		1,094	1,146
Financial assets at fair value through profit or loss	8	3,791	3,967
Rental and other deposits paid	10	1,506	1,576
		29,864	31,516
Current assets			
Inventories		1,348	39
Trade receivables	9	836	2,509
Financial assets at fair value through profit or loss	8	938	759
Prepayments, deposits and other receivables	10	160,000	159,055
Bank balances and cash – trust accounts		5,296	5,940
Bank balances and cash – general accounts		26,614	32,986
		195,032	201,288
Total assets		224,896	232,804
Current liabilities			
Trade and bill payables	11	5,572	6,157
Other payables and accruals		2,406	1,589
Contract liabilities	12	58,396	46,920
Provisions	13	11,200	11,725
Other borrowings		25,000	25,000
Lease liabilities		273	535
		102,847	91,926

	Note	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Net current assets		92,185	109,362
Total assets less current liabilities		122,049	140,878
Non-current liabilities			
Lease liabilities		1,011	1,088
Deferred tax liabilities		2,382	2,381
		3,393	3,469
Net assets		118,656	137,409
Capital and reserves			
Share capital	14	77,489	77,489
Reserves		40,990	59,729
Equity attributable to owners of the Company		118,479	137,218
Non-controlling interests		177	191
Total equity		118,656	137,409

Condensed Consolidated Statements of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company						Sub-total HK\$'000 (unaudited)	Non- controlling interests HK\$'000 (unaudited)	Total equity HK\$'000 (unaudited)
	Share capital HK\$'000 (unaudited)	Share premium HK\$'000 (unaudited)	Special reserve HK\$'000 (unaudited)	Statutory reserve HK\$'000 (unaudited)	Translation reserve HK\$'000 (unaudited)	Accumulated losses HK\$'000 (unaudited)			
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)
Total comprehensive loss for the period	-	-	-	-	(6,061)	(13,471)	(19,532)	(19)	(19,551)
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
Balance at 1 January 2023 (audited)	77,489	1,673,299	4,779	3,912	(17,645)	(1,604,616)	137,218	191	137,409
Loss for the period	-	-	-	-	-	(13,598)	(13,598)	(6)	(13,604)
Other comprehensive loss for the period	-	-	-	-	(5,141)	-	(5,141)	(8)	(5,149)
Total comprehensive loss for the period	-	-	-	-	(5,141)	(13,598)	(18,739)	(14)	(18,753)
Balance at 30 June 2023 (unaudited)	77,489	1,673,299	4,779	3,912	(22,786)	(1,618,214)	118,479	177	118,656

Condensed Consolidated Statements of Cash Flows

	For the six months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash generated used in operating activities	(5,087)	(23,213)
Net cash generated used in investing activities	(79)	(286)
Net cash generated used in financing activities	(1,206)	-
Net decrease in cash and cash equivalents	(6,372)	(23,499)
Cash and cash equivalents at the beginning of period	32,986	54,242
Cash and cash equivalents at the end of period	26,614	30,743
Cash and cash equivalents included the following for the purposes of the condensed consolidated statement of cash flows:		
Bank balances and cash	31,910	58,779
Pledged deposits	-	(21,925)
Bank balances and cash – trust accounts	(5,296)	(6,111)
Cash and cash equivalents	26,614	30,743

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) sales of motor vehicles, provision of agency services and accessories sourcing in the People’s Republic of China (“PRC”), excluding Hong Kong, (ii) provision of securities and futures contracts trading services in Hong Kong, and (iii) trading of listed securities in Hong Kong.

The functional currency of the Company is Hong Kong dollar (“HK\$”). The unaudited condensed consolidated financial statements are presented in Hong Kong dollars as management of the Company considered it is more beneficial to users of the unaudited condensed consolidated financial statements. All values stated in these unaudited condensed consolidated financial statements are rounded to the nearest thousands Hong Kong dollars (HK\$’000), unless otherwise stated. These unaudited condensed consolidated financial statements have been approved and authorized for issuing by the Board of Directors on 4 August 2023.

2. Basis of Preparation

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

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

The principal accounting policies applied in the preparation of these unaudited condensed consolidated financial statements were consistent with those applied for the financial statements of the Group for the year ended 31 December 2022.

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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregated by major products or service lines				
Sales of motor vehicles where the Group acts as principal Agency and service fees income from accessories sourcing	26,232	43,278	82,780	58,249
Commission income from securities and futures brokerage services	390	9	390	9
	77	73	203	173
	26,699	43,360	83,373	58,431
Revenue from other sources				
Interest income from securities and futures brokerage services	4	3	7	8
Total revenue	26,703	43,363	83,380	58,439
Disaggregated by timing of revenue recognition within the scope of HKFRS 15				
Over time	-	-	-	-
At point in time	26,699	43,360	83,373	58,431
	26,699	43,360	83,373	58,431

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

The Group’s revenue and results of the reportable segments for the six months ended 30 June 2023 is as follows:

	Sales of motor vehicles, provision of agency services and accessories sourcing HK\$'000 (unaudited)	Brokerage and securities margin financing services HK\$'000 (unaudited)	Trading of listed securities HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue				
External sales	83,170	210	-	83,380
Inter-segment sales	-	-	-	-
	83,170	210	-	83,380
Segment loss	(3,812)	(1,710)	(282)	(5,804)
Interest income				106
Other income and losses, net				1,275
Unallocated expenses				(7,939)
Finance costs				(1,242)
Loss before income tax				(13,604)
Income tax expense				-
Loss for the period				(13,604)

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

	Sales of motor vehicles, provision of agency services and accessories sourcing HK\$'000 (unaudited)	Brokerage and securities margin financing services HK\$'000 (unaudited)	Trading listed investments HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue				
External sales	58,258	181	–	58,439
Inter-segment sales	–	–	–	–
	58,258	181	–	58,439
Segment loss	(1,868)	(476)	(2,081)	(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 mainly operates in the PRC, including Hong Kong. Revenue from external customers are allocated based on the geographical areas in which the customers are located.

	Six months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Hong Kong	210	181
The PRC, excluding Hong Kong	83,170	58,258
	83,380	58,439

5. Other Income and Losses, Net

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other income				
CCASS fee income	2	3	7	6
Handling fee income	3	3	4	4
Interest income from bank deposits	27	36	136	41
Dividends from financial assets at fair value through profit or loss	100	–	100	–
Sundry income	1,306	328	1,270	304
	1,438	370	1,517	355
Other gains and losses				
Fair value (loss)/gain on financial assets at fair value through profit or loss				
Listed equity securities	(240)	(399)	179	(399)
Other (losses)/gains, net	(240)	(399)	179	(399)
Other income and losses, net	1,198	(29)	1,696	(44)

6. Income Tax Expense

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the purpose of basic loss per share		
Loss for the period attributable to owners of the Company	(13,598)	(13,471)

	Six months ended 30 June	
	2023	2022
	'000	'000
Number of shares for the purpose of basic loss per share		
Number of ordinary shares in issue at 1 January and 30 June	7,748,958	7,748,958

(b) Diluted loss per share

No diluted loss per share for both of the six months ended 30 June 2023 and 2022 is presented as there were no potential ordinary shares in issue for both of the six months ended 30 June 2023 and 2022.

8. Financial Assets at Fair Value Through Profit or Loss

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Fair value:		
Equity securities listed in Hong Kong	938	759
Unlisted equity investment	3,791	3,967
	4,729	4,726
Analysed for reporting as:		
Non-current assets	3,791	3,967
Current assets	938	759
	4,729	4,726

Notes:

- The fair value of equity securities listed in Hong Kong is based on their current bid prices in an active market.
- 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 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 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 unaudited 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 unaudited condensed consolidated statement of profit or loss and other comprehensive income.

9. Trade Receivables

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Trade receivables arising from securities brokerage business:		
Margin clients	–	165
Cash clients	204	150
Hong Kong Securities Clearing Company Limited (“HKSCC”) (net)	10	–
Trade receivables arising from trading of motor vehicles	622	2,194
	836	2,509

No client’s pledged securities are secured as at 30 June 2023.

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

The receivable 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 2023 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 arising from trading of motor vehicles based on invoice dates and net off loss allowance at the reporting period:

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
0 to 30 days	–	1,412
91 to 180 days	–	124
Over 365 days	622	658
	622	2,194

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 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Deposits paid for acquisition of motor vehicles for resale	151,064	150,171
Advance payment for acquisition of a property	1,506	1,576
Other deposits and prepayments	492	796
Total deposits and prepayments	153,062	152,543
Other receivables		
Value added tax recoverable	6,182	6,058
Sundry receivables	2,262	2,030
Total other receivables	8,444	8,088
	161,506	160,631
Analysed for reporting as:		
Non-current assets	1,506	1,576
Current assets	160,000	159,055
	161,506	160,631

11. Trade and Bill Payables

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Payable arising from securities broking business:		
Margin clients	180	85
Cash clients	5,319	5,891
HKSCC (net)	67	100
Payables arising from trading of motor vehicles	–	75
Other trade payables	6	6
	5,572	6,157

Payable 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 arising from trading of motor vehicles, bill payables and other trade payables based on invoice dates at the end of reporting period:

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
91 to 180 days	–	75
Over 365 days	6	6
	6	81

12. Contract Liabilities

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Advance payments from customers	58,396	46,920

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

The Group recognises revenue when related performance obligation is satisfied. Contract liabilities represents advance from customers in related to trading of motor vehicles.

The Group receives payment from customers based on the billing schedules as stated in contracts. Payments are usually received in advance of the performances under the contracts for sales of motor vehicles.

13. Provisions

As at 30 June 2023, provision for an onerous contracts are at carrying amount of HK\$11,200,000 (31 December 2022: HK\$11,725,000) 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
At 1 January 2023 and 30 June 2023	7,748,958	77,489	1,673,299	1,750,788

The authorized ordinary shares of the Company comprise 10,000,000,000 shares (31 December 2022: 10,000,000,000 shares) with a par value of HK\$0.01 per share (31 December 2022: HK\$0.01 per share). All issued shares are fully paid.

15. Dividends

The directors of the Company do not recommend payment of a dividend in respect for the six months ended 30 June 2023 (For the six months ended 30 June 2022: Nil).

Business Review

The Group recorded revenue of approximately HK\$83.38 million and a loss of approximately HK\$13.60 million for the six months ended 30 June 2023, compared with the revenue of approximately HK\$58.44 million and the loss of approximately HK\$13.48 million for the same period in 2022, they significantly increased by approximately HK\$24.94 million and approximately HK\$0.12 million respectively. As disclosed in the Company's announcement dated 27 July 2023, although the revenue of the Group for the period ended 30 June 2023 was increased, the increase in turnover was mainly due to the increase in the sales of motor vehicles and provision of agency services business operated in the PRC. As the selling price of the existing stocks had been marking down leading to the low margin profit, the profits under this business segment had not improved when facing the rising overhead cost and high finance costs which has almost offset the revenue gain during the period ended 30 June 2023.

For the period ended 30 June 2023, the Group recorded the revenue of sales of motor vehicles where the Group acts as principal approximately HK\$82.78 million and agency and service fees income from accessories sourcing approximately HK\$0.39 million. Approximately HK\$58.25 million and less than HK\$0.01 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 2022.

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 30 June 2023, one of the new medicines has entered into the phase II of clinical trial and the others are still in the researching stage.

For trading of listed securities, the Group recorded an unrealised gain of approximately HK\$0.18 million and no realised gain or loss for the period under review.

Given that the performances of the business of the disposal group have not been satisfactory and have been continuously operating at a loss. On 24 April 2023, the Company and the potential purchaser entered into a non-legally binding memorandum of understanding (“MOU”) in relation to a possible disposal of the entire issued share capital of Sinofortune Financial Holdings (BVI) Limited by the Company to a potential purchaser at a consideration of HK\$4.30 million plus 100% of the net asset value of the disposal group (i.e. collectively, Sinofortune Securities Limited, Sinofortune Financial Capital Limited and Sinofortune Asset Management Limited) at the time of the completion of the possible disposal (approximately to be HK\$15.70 million). As more time is required for the potential purchaser to carry out due diligence on the disposal group and negotiate on the formal agreement, the parties have agreed in writing on 24 July 2023 to further extend the exclusivity period to 24 August 2023 (or such longer date as the parties may agree in writing).

The Directors consider that the possible disposal is a good opportunity to dispose of its non-profitable business and reallocate its resources to the Group’s new investment in the new medicine development market in the PRC with the hope that it will enhance the Company’s competitiveness in the new medicine development market in the PRC.

With reference to 2022 annual report of the Company in relation to the repayment of refundable earnest money by 民勤量子新能源有限公司 (transliterated as Minqin Quantum New Energy Co. Ltd.), 深圳華億教育投資諮詢有限公司 (transliterated as Shenzhen Sinofortune Education Investment Consultancy Co., Ltd) has received further repayment of RMB1 million through Intermediate People’s Court of Wuwei City, Gansu Province, China in May and June 2023.

Financial Review

The Group recorded an unaudited revenue of approximately HK\$83.38 million for the six months ended 30 June 2023 as compared to approximately HK\$58.44 million for the corresponding period in 2022, there was an increase of approximately HK\$24.94 million or 42.7%. The increase in revenue was mainly due to the increase in the sales of motor vehicles and provision of agency services business which operated in the PRC.

The segment of sales of motor vehicles and provision of agency services recorded revenue of approximately HK\$83.17 million for the six months ended 30 June 2023 and it recorded approximately HK\$58.26 million of revenue for the corresponding period last year. The Group expects the business performance under the segment of sales of motor vehicles will be improved if more Group's China 6 Standard imported motor vehicles can be offered for sale in the PRC.

The Group recorded an unaudited loss for the six months ended 30 June 2023 of approximately HK\$13.60 million compared with an unaudited loss of approximately HK\$13.48 million for the corresponding period last year. The basic loss per share attributable to owners of the Company for the reporting period with approximately HK\$0.18 cent compared with the basic loss per share attributable to the owners of the Company approximately HK\$0.17 cent for the same period last year.

Outlook

As at 30 June 2023, almost 99.7% revenue of the Group came from the segment of sales of motor vehicles and provision of agency services 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 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 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 2023, the Group obtained EE Certificate for seven 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 2023, 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 100 customers and with 38 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.

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 will continue to pay attention to the new medicine development market in the PRC in order to diversify the business of the Group.

The Group 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 asset as at 30 June 2023 amounted to approximately HK\$195.03 million (31 December 2022: approximately HK\$201.29 million) and the liquidity of the Group, as demonstrated by the current ratio (current assets over current liabilities) was 1.9 times (31 December 2022: 2.2 times). Among them, the financial assets at fair value through profit or loss were approximately HK\$0.94 million (31 December 2022: approximately HK\$0.76 million) which invested in the equity securities listed in Hong Kong. As at 30 June 2023, the Group’s bank balances and cash amounted to approximately HK\$31.91 million (31 December 2022: approximately HK\$38.93 million) of which approximately HK\$5.30 million (31 December 2022: approximately HK\$5.94 million) were held on behalf of clients in trust and segregated accounts.

As at 30 June 2023, the Group's total borrowings amounted to HK\$25 million (31 December 2022: HK\$25 million), which are wholly repayable in October 2023. Those 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 30 June 2023 (calculated by the total liabilities over equity attributable to the owners of the Company) is 89.7% (31 December 2022: 69.5%).

The equity attributable to owner of the Company amounted to approximately HK\$118.48 million as at 30 June 2023, representing a decrease of approximately HK\$18.74 million, or 13.7% from that of 31 December 2022.

Share Capital

As at 30 June 2023, 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 investment in foreign operations by funding its local operations and investments through cash flow generated from business transaction locally. As at 30 June 2023, the Group did not have any material unhedged foreign exchange exposure of interest rate mismatch.

Employee Information

As at 30 June 2023, the Group had a workforce of 50 employees (31 December 2022: 50). The total staff costs, including directors' emoluments, amounted to approximately HK\$7.05 million for the period ended 30 June 2023 (30 June 2022: approximately HK\$6.99 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.

Charges on Assets

As at 30 June 2023, leasehold land and buildings of the Group with a carrying amount of approximately HK\$20.30 million (31 December 2022: approximately HK\$21.10 million) were pledged for credit facilities granting to the Group.

Contingent Liabilities

As at 30 June 2023 and 31 December 2022, the Group did not have any contingent liabilities.

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

Possible Disposal of Sinofortune Financial Holdings (BVI) Limited

Reference is made to the Company's announcements dated 24 April 2023 regarding a MOU in relation to a possible disposal of the entire issued share capital of Sinofortune Financial Holdings (BVI) Limited by the Company to a potential purchaser at a consideration of HK\$4.30 million plus 100% of the net asset value of the disposal group (i.e. collectively, Sinofortune Securities Limited, Sinofortune Financial Capital Limited and Sinofortune Asset Management Limited) at the time of the completion of the possible disposal (approximately to be HK\$15.70 million). The potential purchaser has paid to the Company a sum of HK\$1 million as earnest money. In the event that a legally binding sale and purchase agreement for the possible disposal ("Formal Agreement") is entered into by the parties of the MOU, the earnest money shall be applied towards in satisfying part of the consideration for the possible disposal. In the event the parties of the MOU fail to reach the Formal Agreement within one month from the date of the MOU or such other date as agreed between the parties of the MOU, the Company shall return to the potential purchaser the earnest money within seven business days after the expiry of one month period (or the extended period (if any)) without interest.

Save as disclosed, there was no other significant investment, material acquisitions and disposal of subsidiaries, associates and joint ventures during the period ended 30 June 2023.

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

As at 30 June 2023, 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:

Long positions in shares of the Company

Name of Directors	Capacity	Number of shares held	Approximate percentage of shareholding
Wang Jiawei	Beneficial owner	2,123,395,935	27.40%
Lai Yuk Mui	Beneficial owner	2,780,127	0.04%
Liu Runtong	Beneficial owner	2,646,000	0.03%

Save as disclosed above, as at 30 June 2023, none of the Directors or the chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have 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 to be 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 2023, 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 2023, 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.

Directors' Interest in Competing Business

As at 30 June 2023, 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 four 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 Transactions

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 2023 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, 4 August 2023

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, Professor Chen Shu Wen and Mr. Lee Kwun Kwan.