



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)



Third Quarterly Report  
2017

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, 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”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market 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\$5,489,000 for the nine months ended 30 September 2017.

Loss for the nine months ended 30 September 2017 was approximately HK\$61,328,000.

Loss attributable to owners of the Company for the nine months ended 30 September 2017 amounted to approximately HK\$61,288,000.

Basic loss per share was 0.94 HK cents and diluted loss per share was 0.94 HK cents.

The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2017.



## Third Quarterly 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 nine months ended 30 September 2017 together with the comparative unaudited figures for the corresponding period in 2016.

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

	Note	Three months ended 30 September		Nine months ended 30 September	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>1,676</b>	1,949	<b>5,489</b>	7,987
Other income and net loss	4	(17,815)	(100,471)	(35,556)	(98,138)
Employee benefits expenses		(4,811)	(4,928)	(15,149)	(18,054)
Depreciation of property, plant and equipment		(1,289)	(1,555)	(3,970)	(4,500)
Amortization of intangible assets		-	(4,337)	-	(13,164)
Finance costs		(56)	(71)	(178)	(222)
Other operating expenses		(2,430)	(4,460)	(8,973)	(17,841)
Share of loss of associates		(662)	(1,770)	(2,991)	(8,760)
Loss before income tax		(25,387)	(115,643)	(61,328)	(152,692)
Income tax expense	5	-	-	-	-
<b>Loss for the period</b>		<b>(25,387)</b>	(115,643)	<b>(61,328)</b>	(152,692)
<b>Other comprehensive income/(loss):</b>					
<i>Items that may be reclassified to profit or loss</i>					
Currency translation differences		4,572	(913)	6,729	(4,592)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Other comprehensive income/(loss) for the period, net of tax		4,572	(913)	6,729	(4,592)
Total comprehensive loss for the period		(20,815)	(116,556)	(54,599)	(157,284)
<b>Loss for the period attributable to:</b>					
Owners of the Company		(25,387)	(115,586)	(61,288)	(151,750)
Non-controlling interests		-	(57)	(40)	(942)
		(25,387)	(115,643)	(61,328)	(152,692)
<b>Total comprehensive loss for the period attributable to:</b>					
Owners of the Company		(20,815)	(116,498)	(54,558)	(156,355)
Non-controlling interests		-	(58)	(41)	(929)
		(20,815)	(116,556)	(54,599)	(157,284)
<b>Loss per share attributable to owners of the Company for the period:</b>					
Basic loss per share (HK cents)					
From loss for the period	6	(0.390)	(1.780)	(0.940)	(2.340)
Diluted loss per share (HK cents)					
From loss for the period	6	(0.390)	(1.780)	(0.940)	(2.340)

## Condensed Consolidated Statements of Changes in Equity

For the nine months ended 30 September 2017

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Statutory reserve	Translation reserve	Share-based compensation reserve	Accumulated losses	Total		
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)		
Balance as at 1 January 2016	64,989	1,614,799	4,779	3,912	(4,497)	34,149	(994,422)	723,709	7,007	730,716
Loss for the period	-	-	-	-	-	-	(151,750)	(151,750)	(942)	(152,692)
Other comprehensive loss for the period	-	-	-	-	(4,605)	-	-	(4,605)	13	(4,592)
Equity-settled share option arrangements	-	-	-	-	-	1,051	-	1,051	-	1,051
Transfer of share-based compensation reserve upon the forfeiture or expiry of share options	-	-	-	-	-	(4,530)	4,530	-	-	-
Balance as at 30 September 2016	64,989	1,614,799	4,779	3,912	(9,102)	30,670	(1,141,642)	568,405	6,078	574,483

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Statutory reserve	Translation reserve	Share-based compensation reserve	Accumulated losses	Total		
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)		
Balance as at 1 January 2017	64,989	1,614,799	4,779	3,912	(18,467)	30,384	(1,237,574)	462,822	6,215	469,037
Loss for the period	-	-	-	-	-	-	(61,288)	(61,288)	(40)	(61,328)
Other comprehensive income for the period	-	-	-	-	6,729	-	-	6,729	-	6,729
Equity-settled share option arrangements	-	-	-	-	-	866	-	866	-	866
Reversal of share-based compensation reserve upon the lapse of share options	-	-	-	-	-	(707)	707	-	-	-
Acquisition from non-controlling interest	-	-	-	-	-	-	(951)	(951)	(969)	(1,920)
Capital contributions from non-controlling interest	-	-	-	-	-	-	-	-	11,706	11,706
Balance as at 30 September 2017	64,989	1,614,799	4,779	3,912	(11,738)	30,543	(1,299,106)	408,178	16,912	425,090

Notes:

## 1. General Information

Pursuant to a special resolution passed by the Company's shareholders on 23 May 2017, the name of the Company was changed from "First China Financial Network Holdings Limited 首華財經網絡集團有限公司" to "Sinofortune Financial Holdings Limited 華億金控集團有限公司".

Sinofortune Financial Holdings Limited (the "Company") and its subsidiaries (together the "Group") is principally engaged in (i) provision of the precious metals spot trading and brokerage services in the PRC, (ii) provision of securities and futures contracts trading services and wealth management services in Hong Kong, (iii) trading and principal investments in the PRC and Hong Kong, (iv) research, exploration and development of the student safety network project and the electronic student card in the PRC, and (v) provision of stock information and research services through the internet network in the PRC.

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 shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars, while the functional currencies of certain subsidiaries are Renminbi ("RMB"). The Company has selected Hong Kong dollar as its presentation currency as management considered it is more beneficial to the users of the unaudited condensed consolidated financial statements. These unaudited condensed consolidated financial statements have been approved and authorized for issue by the Board of Directors on 7 November 2017.

## 2. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the unaudited condensed consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the applicable disclosure requirements of the Hong Kong Company Ordinance. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

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 2016.

### 3. Revenue

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

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Commission income from securities and futures brokerage	221	190	538	509
Commission income from precious metals brokerage	–	(9)	–	769
Spot trading profits on precious metals contracts, net	–	(3)	–	517
Trading of electronic student cards and school safety products	1,148	1,402	3,622	5,062
Interest income from clients	156	202	568	487
Consultancy fee income	151	167	761	643
Revenue	1,676	1,949	5,489	7,987
Proceeds from trading of securities	–	319	–	2,594
Turnover	1,676	2,268	5,489	10,581



#### 4. Other Income and Net Loss

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
<b>Other income</b>				
CCASS fee income	5	5	13	12
Handling fee income	–	15	–	34
Interest income on bank deposits	68	123	457	422
Dividend income	28	4,128	91	6,000
Sundry income	12	102	1,013	200
	<b>113</b>	<b>4,373</b>	<b>1,574</b>	<b>6,668</b>
<b>Other net loss</b>				
Financial assets at fair value through profit or loss				
– Fair value losses on securities trading	(17,928)	(104,844)	(37,130)	(104,078)
– Realized losses on trading of securities	–	–	–	(728)
	<b>(17,928)</b>	<b>(104,844)</b>	<b>(37,130)</b>	<b>(104,806)</b>
	<b>(17,815)</b>	<b>(100,471)</b>	<b>(35,556)</b>	<b>(98,138)</b>

## 5. Income Tax Expense

Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. No provision for Hong Kong and overseas Profits Tax have been made in the unaudited condensed consolidated financial statements as the Group incurred tax losses for the period (2016: Nil).

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current income tax:				
Current tax on profits for the period				
– PRC Enterprise Income Tax	–	–	–	–
Deferred income tax				
Current period	–	–	–	–
Income tax (income)/expense	–	–	–	–

## 6. Loss Per Share

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

	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share	<b>(61,288)</b>	(151,750)
<b>Number of shares</b>		
Issued ordinary shares at 1 January and 30 September	<b>6,498,958,120</b>	6,498,958,120
Weighted average number of ordinary shares in issue for calculating diluted loss per share	<b>6,498,958,120</b>	6,498,958,120
<b>Loss per share</b>	<b>(0.0094)</b>	(0.0234)
<b>Diluted loss per share</b>	<b>(0.0094)</b>	(0.0234)

The computation of diluted loss per share for the period ended 30 September 2017, did not assume the exercise of the Company's share options outstanding during the period ended 30 September 2017. Since their exercise would result in a decrease in loss per share.

## 7. Share Capital and Premium

	Number of issued shares (In thousands)	Ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 January 2017 and as at 30 September 2017	6,498,958	64,989	1,614,799	1,679,788

The total authorized number of ordinary shares is 10,000,000,000 shares (2016: 10,000,000,000 shares) with a par value of HK\$0.01 per share (2016: HK\$0.01 per share). All issued shares are fully paid.

## 8. Dividend

The Directors do not recommend the payment of a dividend for the period ended 30 September 2017 (2016: Nil).

## Business Review

The Group in the nine months ended 30 September 2017 recorded revenue of approximately HK\$5.49 million, which was a decrease of approximately HK\$2.50 million compared with the last corresponding period. Such decrease mainly due to the continuing tightened policy of the PRC Government on regulating the precious metals trading and brokerage business in the PRC, the Group did not have revenue incurred for the period ended 30 September 2017 in these principal activities and approximately HK\$1.29 million was recorded for the period ended 30 September 2016. Moreover, revenue of trading of electronic student cards and school safety products decreased approximately HK\$1.44 million which made the revenue decline for the period ended 30 September 2017. Despite the effort by the Group to change the navigating chips of electronic cards and devices of the school safety network to coordinate with BeiDou Navigation Satellite System (北斗衛星導航系統) (“BeiDou System”) which encouraged by the PRC Government, there has been some technical issues that the Group needs to resolve. The segment of the trading of electronic student cards and school safety products recorded revenue of approximately HK\$3.62 million and approximately HK\$5.06 million for the period ended 30 September 2017 and 30 September 2016 respectively.

For proprietary stock trading, the Group recorded an unrealized loss of approximately HK\$37.13 million and no realized profit or loss for the period under review.

A non-wholly owned subsidiary of the Company, 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) (“Chongqing Sheng Yu Hong Jia”), has been established on 2 August 2017 in Chongqing City, PRC to carry out the businesses of sales of motor vehicles, motor vehicle parts and motor vehicle products; motor vehicles rental (excluding motor vehicles finance leasing; shall not engage in the operations of leasing passenger transportation and passenger and freight road transportation); international freight forwarding services; import and export of goods; motor vehicles information consultancy (excluding restricted items); motor vehicles repair and maintenance (for items that require prior approval may only be operated after such approval is obtained); motor vehicles registration, transfer and cancellation agent. Chongqing Sheng Yu Hong Jia is 90% owned by the Company and 10% owned by 深圳美麗生態股份有限公司 (transliterated as Shenzhen Ecobeauty Co., Ltd), a limited liability company established in the PRC whose shares are listed on Shenzhen Stock Exchange under stock code 000010.

## Financial Review

The Group recorded an unaudited revenue of approximately HK\$5.49 million for the nine months ended 30 September 2017 as compared to approximately HK\$7.99 million for the corresponding period in 2016, there was a decrease of approximately HK\$2.50 million or 31.3%. The decrease of turnover was mainly due to the decrease in the precious metals trading and decrease of sale of electronic student card businesses which operated in the PRC.

Due to the continuing tightened policy of the PRC Government on regulating the precious metals trading and brokerage business in the PRC, the business operation of the Group has not resumed for the nine months ended 30 September 2017. The commission income from precious metals brokerage approximately HK\$0.77 million and the spot trading profits on precious metal contracts approximately HK\$0.52 million for the same period of last year.

For electronic student card business, due to change the navigating chips of electronic cards and devices of the school safety network to coordinate with the BeiDou System, there has been some technical issues that the Group needs to resolve. The Group has been unable to receive large orders from previously executed contracts. It recorded revenue of approximately HK\$3.62 million for the nine months ended 30 September 2017 as compared to approximately HK\$5.06 million for the last corresponding period, there was a decrease of approximately HK\$1.44 million or 28.5%.

The Group recorded an unaudited loss for the nine months ended 30 September 2017 of approximately HK\$61.33 million compared with an unaudited loss of approximately HK\$152.69 million for the last corresponding period. The unaudited loss for the period encompassed the unaudited unrealized fair value losses on securities trading for approximately HK\$37.13 million and it recorded approximately HK\$104.08 million of unrealized fair value losses on securities trading for the last corresponding period. The basic loss per share attributable to owners for the Company for the reporting period with approximately HK\$0.94 cents compared to approximately HK\$2.34 cents for the same period last year.

The Group's total current asset as at 30 September 2017 amounted to approximately HK\$352.53 million and the liquidity of the Group, as demonstrated by the current ratio (current assets/current liabilities) was 17.65 times. The Group's bank balances and cash amounted to approximately HK\$231.12 million as at 30 September 2017 of which approximately HK\$10.19 million were held on behalf of clients in trust and segregated accounts. The total borrowings amounted to approximately HK\$7.06 million which was secured by the charges over certain of the Group's land and buildings and corporate guarantee executed by the Company.

The equity attributable to owner of the Company amounted to approximately HK\$408.18 million as at 30 September 2017, representing a decrease of approximately HK\$54.64 million, or 11.81% from that of 31 December 2016.

## Outlook

Due to the continuing tightened policy of the PRC Government on regulating the precious metals trading and brokerage business in the PRC, the Group did not have revenue incurred for the period under review. It is difficult to predict the policy of the PRC Government on such activities in future.

As at 30 September 2017, almost 66% revenue of the Group came from the segments of trading of electronic student cards and school safety products. Since the customers tend to prefer and use BeiDou System due to encouragement from the PRC Government, the Group will endeavor to resolve the technical issues in order to change the navigating chips of electronic cards and devices of the school safety network to coordinate with the BeiDou System. It is expected that such change can improve and enhance the revenue of the school safety network business.

Hong Kong stock market gradually picked up, but the industry competition is still fierce. The Group is confident and optimistic about the prospects of the stock markets. We will closely monitor the changes in the stock markets conditions in order to improve performance of the Group.



As the non-wholly owned subsidiary of the Company, Chongqing Sheng Yu Hong Jia, has been established on 2 August 2017, the Company and 深圳美麗生態股份有限公司 (transliterated as Shenzhen Ecobeauty Co., Ltd) has contributed RMB90,000,000 and RMB10,000,000 respectively to the non-wholly owned subsidiary pursuant to the agreement. The financial results of the non-wholly owned subsidiary will be consolidated into the financial statements of the Company.

The Group will continue to develop other businesses and look for opportunities to expand the income sources in order to enhance the revenue of the Group.

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

As at 30 September 2017, 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

Name of Directors	Number of shares			Total	Approximate percentage of shareholding
	Personal Interests	Family Interests	Corporate Interests		
Wang Jiawei	202,043,628	-	-	202,043,628	3.11%
Lai Yuk Mui	2,780,127	-	-	2,780,127	0.04%
Liu Runtong	2,646,000	-	-	2,646,000	0.04%



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

The share option scheme adopted by the Company on 17 December 2001 (the “Old Share Option Scheme”) has expired on 16 December 2011. The Company adopted a new share option scheme on its annual general meeting held on 21 June 2012 (the “New Share Option Scheme”) which complies with Chapter 23 of GEM Listing Rules.

The following table discloses the details of the share options held by the Directors and chief executive to subscribe for shares of the Company during the period ended 30 September 2017:

Name of Director	Date of grant	Number of share options					Option period	Exercise price (HK\$)
		Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 September 2017		
Lai Yuk Mui	13/04/2010	3,186,158	-	-	-	3,186,158	13/04/2010 – 12/04/2020	0.419
Liu Runtong	13/04/2010	31,861,575	-	-	-	31,861,575	13/04/2010 – 12/04/2020	0.419
Zhang Benzheng	13/04/2010	2,124,105	-	-	-	2,124,105	13/04/2010 – 12/04/2020	0.419
James Beeland Rogers Jr.	22/09/2014	20,000,000	-	-	-	20,000,000	22/09/2014 – 21/09/2024	0.518
James Beeland Rogers Jr.	16/10/2015	20,000,000	-	-	-	20,000,000	16/10/2015 – 15/10/2025	0.238
James Beeland Rogers Jr.	09/11/2016	20,000,000	-	-	-	20,000,000	09/11/2016 – 08/11/2026	0.150

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 Rule 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

So far as is known to any Directors of the Company, as at 30 September 2017, the following persons (not being a Director or chief executive of the Company) had interests or short positions 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:

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

<b>Name of shareholders</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding</b>
Wang Wenming and Chen Dongjin (Note 1)	Beneficial owners	595,328,957	9.16%
Zhu Wei	Beneficial owners	350,004,000	5.39%

Note:

- (1) Ms. Chen Dongjin held 145,116,650 shares of the Company. Ms. Chen Dongjin is the spouse of Mr. Wang Wenming who held 450,212,307 shares of the Company. As such, they were deemed to be collectively interested in 595,328,957 shares of the Company.

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

<b>Name of shareholders</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding</b>
Wang Wenming and Chen Dongjin (Note 2 and 3)	Beneficial owners	11,682,577	0.18%

Note:

- (2) Pursuant to the Old Share Option Scheme, Mr. Wang Wenming was granted share options on 13 April 2010, the number of shares underlying which was adjusted on 15 June 2010, to subscribe for 11,682,577 shares of the Company. Ms. Chen Dongjin is the spouse of Mr. Wang Wenming so they were deemed to be collectively interested in the share options to subscribe for 11,682,577 shares of the Company.
- (3) With effect from 22 September 2015, Mr. Wang Wenming resigned as an executive Director of the Company.

Save as disclosed above, as at 30 September 2017, the Company had not been notified of any other 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 Old Share Option Scheme has expired on 16 December 2011 and The Company adopted a New Share Option Scheme which complies with Chapter 23 of GEM Listing Rules.

The outstanding options granted under the Old Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects. The provisions of the Old Share Option Scheme shall remain in full force and effect notwithstanding the expiry of the Old Share Option Scheme.

The New Share Option Scheme will remain valid for a period of 10 years commencing on 21 June 2012 and in such event, no further options will be offered but the provisions of the New Share Option Scheme shall in all other respects remain in full force and effect.

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.

On 5 September 2007, 13 April 2010, 22 September 2014, 16 October 2015 and 9 November 2016, options to subscribe for 32,400,000 shares, 84,000,000 shares, 30,000,000 shares, 20,000,000 shares and 20,000,000 shares of the Company respectively were granted to the Directors and certain employees of the Company. As at 30 September 2017, details of the outstanding options were as follows:

Date of grant	Number of share options					Option period	Exercise price (HK\$)
	Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 September 2017		
	(Note 1)			(Note 2)	(Note 1)		
05/09/2007	4,248,210	-	-	4,248,210	-	05/09/2007 – 04/09/2017	0.215
13/04/2010	82,840,095	-	-	-	82,840,095	13/04/2010 – 12/04/2020	0.419
22/09/2014	20,000,000	-	-	-	20,000,000	22/09/2014 – 21/09/2024	0.518
16/10/2015	20,000,000	-	-	-	20,000,000	16/10/2015 – 15/10/2025	0.238
09/11/2016	20,000,000	-	-	-	20,000,000	09/11/2016 – 08/11/2026	0.150

Note:

- (1) Pursuant to the Old Share Option Scheme, 84,000,000 shares of share options were granted by the Company on 13 April 2010 and were adjusted on 15 June 2010.
- (2) The share options have not been exercised during the option period, therefore they have been lapsed on 5 September 2017.

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

As at 30 September 2017, the Directors were not aware of any business or interest of each Director, management 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 A.2.1**

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer 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 two non-executive Directors, 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 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 3 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 nine months ended 30 September 2017 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, 7 November 2017

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