



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)



**2018**

Third Quarterly Report

## 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\$337,046,000 for the nine months ended 30 September 2018.

Loss for the nine months ended 30 September 2018 was approximately HK\$14,126,000.

Loss attributable to owners of the Company for the nine months ended 30 September 2018 amounted to approximately HK\$13,920,000.

Basic loss per share was 0.22 HK cents and diluted loss per share was 0.22 HK cents.

The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2018.



## 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 2018 together with the comparative unaudited figures for the corresponding period in 2017.

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

|  | Note | Three months ended<br>30 September |                                 | Nine months ended<br>30 September |                                 |
|--|------|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|  |      | 2018<br>HK\$'000<br>(unaudited)    | 2017<br>HK\$'000<br>(unaudited) | 2018<br>HK\$'000<br>(unaudited)   | 2017<br>HK\$'000<br>(unaudited) |
| <b>Revenue</b>   | 3    | <b>177,893</b>                     | 1,676                           | <b>337,046</b>                    | 5,489                           |
| Other income and loss, net                                   | 4    | <b>1,875</b>                       | (17,815)                        | <b>212</b>                        | (35,556)                        |
| Changes in inventories of finished good                      |      | <b>(173,806)</b>                   | (111)                           | <b>(326,483)</b>                  | (820)                           |
| Other direct costs   |      | <b>(21)</b>                        | (62)                            | <b>(114)</b>                      | (147)                           |
| Employee benefits expenses                                   |      | <b>(5,084)</b>                     | (4,811)                         | <b>(15,377)</b>                   | (15,149)                        |
| Depreciation of property, plant and equipments               |      | <b>(711)</b>                       | (1,289)                         | <b>(2,562)</b>                    | (3,970)                         |
| Finance costs  |      | <b>(40)</b>                        | (56)                            | <b>(132)</b>                      | (178)                           |
| Other operating expenses                                     |      | <b>(4,311)</b>                     | (2,257)                         | <b>(16,946)</b>                   | (8,006)                         |
| Share of loss of associates                                  |      | <b>-</b>                           | (662)                           | <b>-</b>                          | (2,991)                         |
| Gain on disposal of subsidiaries                             |      | <b>10,230</b>                      | -                               | <b>10,230</b>                     | -                               |
| (Loss)/profit before income tax                              |      | <b>6,025</b>                       | (25,387)                        | <b>(14,126)</b>                   | (61,328)                        |
| Income tax expense   | 5    | <b>-</b>                           | -                               | <b>-</b>                          | -                               |
| <b>(Loss)/profit for the period</b>                          |      | <b>6,025</b>                       | (25,387)                        | <b>(14,126)</b>                   | (61,328)                        |
| <b>Other comprehensive (loss)/income:</b>                    |      |                                    |                                 |                                   |                                 |
| <i>Items that may be reclassified to profit or loss</i>      |      |                                    |                                 |                                   |                                 |
| Currency translation differences                             |      | <b>(9,249)</b>                     | 4,572                           | <b>(14,143)</b>                   | 6,729                           |
| Release of translation reserve upon disposal of subsidiaries |      | <b>1,001</b>                       | -                               | <b>1,001</b>                      | -                               |

|  | Note | Three months ended<br>30 September |                         | Nine months ended<br>30 September |                         |
|--|------|------------------------------------|-------------------------|-----------------------------------|-------------------------|
|  |      | 2018                               | 2017                    | 2018                              | 2017                    |
|  |      | HK\$'000<br>(unaudited)            | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited)           | HK\$'000<br>(unaudited) |
| Other comprehensive (loss)/income for the period, net of tax                           |      | (8,248)                            | 4,572                   | (13,142)                          | 6,729                   |
| Total comprehensive loss for the period  |      | (2,223)                            | (20,815)                | (27,268)                          | (54,599)                |
| <b>(Loss)/profit for the period attributable to:</b>                                   |      |                                    |                         |                                   |                         |
| Owners of the Company  |      | 5,884                              | (25,387)                | (13,920)                          | (61,288)                |
| Non-controlling interests  |      | 141                                | -                       | (206)                             | (40)                    |
|  |      | 6,025                              | (25,387)                | (14,126)                          | (61,328)                |
| <b>Total comprehensive loss for the period attributable to:</b>                        |      |                                    |                         |                                   |                         |
| Owners of the Company  |      | (1,432)                            | (20,815)                | (26,313)                          | (54,558)                |
| Non-controlling interests  |      | (791)                              | -                       | (955)                             | (41)                    |
|  |      | (2,223)                            | (20,815)                | (27,268)                          | (54,599)                |
| <b>(Loss)/earnings per share attributable to owners of the Company for the period:</b> |      |                                    |                         |                                   |                         |
| Basic (loss)/earnings per share (HK cents)   |      |                                    |                         |                                   |                         |
| From (loss)/profit for the period  | 6    | 0.094                              | (0.390)                 | (0.220)                           | (0.940)                 |
| Diluted (loss)/earnings per share (HK cents)   |      |                                    |                         |                                   |                         |
| From (loss)/profit for the period  | 6    | 0.094                              | (0.390)                 | (0.220)                           | (0.940)                 |

## Condensed Consolidated Statements of Changes in Equity

For the nine months ended 30 September 2018

|  | Attributable to owners of the Company |                         |                         |                         |                         |                         |                                  |                         |                         |                           |                         |
|--|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------------------|-------------------------|-------------------------|---------------------------|-------------------------|
|  | Share capital                         | Share premium           | Other reserve           | Special reserve         | Statutory reserve       | Translation reserve     | Share-based compensation reserve | Accumulated losses      | Total                   | Non-controlling interests | Total equity            |
|  | HK\$'000<br>(unaudited)               | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited)          | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited)   | HK\$'000<br>(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                 |
| Balance as at 1 January 2018   | 64,989                                | 1,614,799               | (16,000)                | 4,779                   | 3,912                   | (9,181)                 | 30,554                           | (1,371,890)             | 321,962                 | 14,903                    | 336,865                 |
| Loss for the period  | -                                     | -                       | -                       | -                       | -                       | -                       | -                                | (13,920)                | (13,920)                | (206)                     | (14,126)                |
| Other comprehensive loss for the period                                      | -                                     | -                       | -                       | -                       | -                       | (12,393)                | -                                | -                       | (12,393)                | (749)                     | (13,142)                |
| Shares retrieval from escrow arrangement                                     | (2,000)                               | (14,000)                | 16,000                  | -                       | -                       | -                       | -                                | -                       | -                       | -                         | -                       |
| Balance as at 30 September 2018  | 62,989                                | 1,600,799               | -                       | 4,779                   | 3,912                   | (21,574)                | 30,554                           | (1,385,810)             | 295,649                 | 13,948                    | 309,597                 |

Notes:

## 1. General Information

Sinofortune Financial Holdings Limited and its subsidiaries are 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 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, (v) provision of stock information and research services through the internet network in the PRC, and (vi) sales of motor vehicles and provision of agency services 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 GEM of the Stock Exchange.

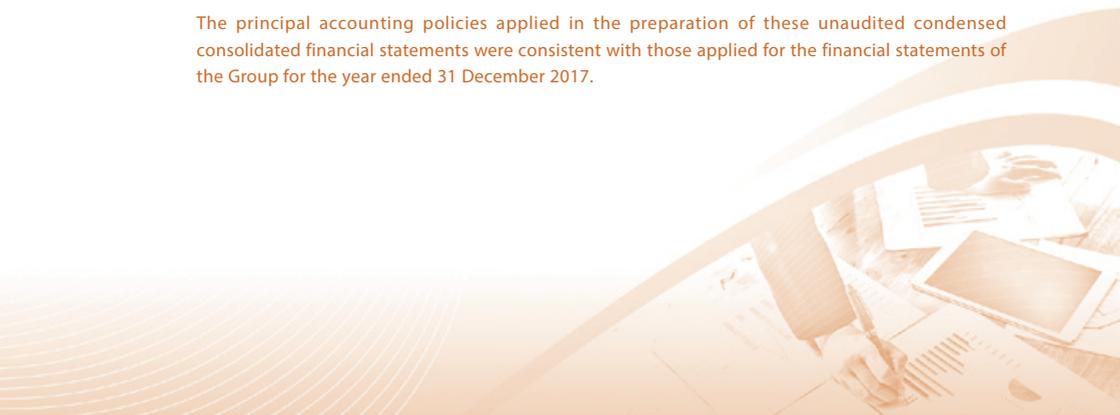
The unaudited condensed consolidated financial statements are presented in Hong Kong dollars, while the functional currencies of certain subsidiaries are Renminbi ("RMB"). The Company has selected Hong Kong dollar as its presentation currency as management considered it is more beneficial to the users 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 2018.

## 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 Companies Ordinance.

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

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 2017.



### 3. Revenue

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

|  | Three months ended<br>30 September |                                 | Nine months ended<br>30 September |                                 |
|--|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|  | 2018<br>HK\$'000<br>(unaudited)    | 2017<br>HK\$'000<br>(unaudited) | 2018<br>HK\$'000<br>(unaudited)   | 2017<br>HK\$'000<br>(unaudited) |
| Commission income from securities and futures brokerage        | 103                                | 221                             | 506                               | 538                             |
| Trading of electronic student cards and school safety products | 197                                | 1,148                           | 2,278                             | 3,622                           |
| Interest income from clients                                   | 137                                | 156                             | 396                               | 568                             |
| Sales of motor vehicles which the Group acts as principal      | 177,471                            | –                               | 333,212                           | –                               |
| Agency fee income from trading of PRC-purchased motor vehicles | (10)                               | –                               | 428                               | –                               |
| Consultancy fee income   | (5)                                | 151                             | 226                               | 761                             |
| Revenue  | 177,893                            | 1,676                           | 337,046                           | 5,489                           |

#### 4. Other Income and Loss, net

|  | Three months ended |             | Nine months ended |             |
|--|--------------------|-------------|-------------------|-------------|
|  | 30 September       |             | 30 September      |             |
|  | 2018               | 2017        | 2018              | 2017        |
|  | HK\$'000           | HK\$'000    | HK\$'000          | HK\$'000    |
|  | (unaudited)        | (unaudited) | (unaudited)       | (unaudited) |
| <b>Other income</b>  |                    |             |                   |             |
| Central Clearing and Settlement System ("CCASS") fee income  | 3                  | 5           | 14                | 13          |
| Interest income on bank deposits                             | 5                  | 68          | 44                | 457         |
| Other interest income  | 1                  | -           | 1                 | -           |
| Dividend income from securities held for trading             | 1                  | 28          | 27                | 91          |
| Sundry income  | 115                | 12          | 281               | 1,013       |
|  | <b>125</b>         | 113         | <b>367</b>        | 1,574       |
| <b>Other gain or loss, net</b>                               |                    |             |                   |             |
| Financial assets at fair value through profit or loss        |                    |             |                   |             |
| – Unrealised fair value (losses)/gains on securities trading | 1,750              | (17,928)    | (155)             | (37,130)    |
|  | <b>1,875</b>       | (17,815)    | <b>212</b>        | (35,556)    |

#### 5. Income Tax Expense

Hong Kong Profits Tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the period. No provision for Hong Kong Profits Tax has been made in the unaudited condensed consolidated financial statements as the Group incurred tax losses for the period (2017: Nil).

PRC Enterprise Income tax has been provided at the rate from 15% to 25% (2017: 15% to 25%) on the assessable profits of the PRC subsidiaries arising in or derived from PRC for the period. In accordance with the "Catalogue of Encouraged Industries in Western Region" approved by the State Council, as one of the subsidiaries engaged in an encouraged business in Chongqing, it enjoys the reduced PRC Enterprise Income tax rate of 15% (2017: 15%). No provision for PRC Enterprise Income tax has been provided as the Group incurred tax losses for the period.

## 6. Loss Per Share

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

|  | <b>Nine months ended<br/>30 September</b>            |  |
|--|--|--|
|  | <b>2018</b><br><b>HK\$'000</b><br><b>(unaudited)</b> | <b>2017</b><br><b>HK\$'000</b><br><b>(unaudited)</b> |
| <b>Loss</b>  |  |  |
| Loss for the purposes of basic and diluted loss per share  | <b>(13,920)</b>                                      | (61,288)   |
| <b>Number of shares</b>  |  |  |
| Issued ordinary shares at 1 January  | <b>6,498,958,120</b>                                 | 6,498,958,120  |
| Shares retrieval from escrow arrangement   | <b>(200,000,000)</b>                                 | –  |
| Issued ordinary shares at 30 September   | <b>6,298,958,120</b>                                 | 6,498,958,120  |
| Weighted average number of ordinary shares in issue for calculating basic and diluted loss per share | <b>6,298,958,120</b>                                 | 6,498,958,120  |
| <b>Loss per share</b>  | <b>(0.0022)</b>                                      | (0.0094)   |
| <b>Diluted loss per share</b>  | <b>(0.0022)</b>                                      | (0.0094)   |

The computation of diluted loss per share for the period ended 30 September 2018 and 2017, did not assume the exercise of the Company's share options outstanding during the period ended 30 September 2018 and 2017. Since their exercise would result in a decrease in loss per share.

## 7. Share Capital and Premium

|   | Number of<br>issued shares<br>(In thousands) | Ordinary<br>shares<br>HK\$'000 | Share<br>premium<br>HK\$'000 | Total<br>HK\$'000 |
|---|--|--------------------------------|------------------------------|-------------------|
| <b>As at 1 January 2018</b>                 | 6,498,958                                    | 64,989                         | 1,614,799                    | 1,679,788         |
| Shares retrieval from escrow<br>arrangement | (200,000)                                    | (2,000)                        | (14,000)                     | (16,000)          |
| <b>As at 30 September 2018</b>              | 6,298,958                                    | 62,989                         | 1,600,799                    | 1,663,788         |

The total authorized number of ordinary shares is 10,000,000,000 shares (2017: 10,000,000,000 shares) with a par value of HK\$0.01 per share (2017: 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 2018 (2017: Nil).



## Business Review

The Group in the nine months ended 30 September 2018 recorded revenue of approximately HK\$337.05 million, which was an increase of approximately HK\$331.56 million compared with the last corresponding period. This was mainly due to the new business of sales of parallel imported motor vehicles and provision of relevant agency services in the PRC. Such new business recorded approximately HK\$333.64 million for the period ended 30 September 2018, as this business is operated by a subsidiary 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”) which was formed in August 2017 and started operation from October 2017, there was no information recorded for the period ended 30 September 2017.

For the period ended 30 September 2018, the Group recorded the revenue of sales of motor vehicles approximately HK\$333.21 million and an agency fee income from trading of PRC-purchased motor vehicles approximately HK\$0.43 million. There was no information recorded for the period ended 30 September 2017.

For proprietary stock trading, the Group recorded an unrealized loss of approximately HK\$0.16 million and no realized profit or loss for the period under review.

In July 2018, the Group disposed of its entire equity interest in 深圳畫天影視文化傳播有限公司 (transliterated as Shenzhen Sky Picture Culture Communications Company Limited) and its subsidiary at a cash consideration of RMB12,500,000.

On 6 July 2018, our Company and Mr. Wang Jiawei, the chairman of the Board, an executive Director and the chief executive officer of the Company, entered into the subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Wang Jiawei has conditionally agreed to subscribe for, the subscription shares at the subscription price of HK\$0.060 per subscription share. The completion of the subscription has taken place on 12 October 2018 and a total of 1,450,000,000 subscription shares have been allotted and issued to Mr. Wang Jiawei. The Company received the gross proceeds of HK\$87 million from the subscription.

The Directors are of the view that the subscription represents an opportunity for the Company to raise capital for the development and expansion of the existing motor vehicle business of the Group and to capture potential investment opportunities relating to the motor vehicle business of the Group when such opportunities arise.

## Financial Review

The Group recorded an unaudited revenue of approximately HK\$337.05 million for the nine months ended 30 September 2018 as compared to approximately HK\$5.49 million for the corresponding period in 2017, there was an increase of approximately HK\$331.56 million or 60.39 times. The increase in turnover was mainly benefit from the increase in the sales of motor vehicles and provision of agency services business which operated in the PRC.

The segment of trading of electronic student cards and school safety products recorded revenue of approximately HK\$2.28 million for the nine months ended 30 September 2018 and it recorded approximately HK\$3.62 million of revenue for the last corresponding period.

The business of sales of motor vehicles and provision of agency services commenced in October 2017. It recorded approximately HK\$333.64 million of revenue for the nine months ended 30 September 2018.

The Group recorded an unaudited loss for the nine months ended 30 September 2018 of approximately HK\$14.13 million compared with an unaudited loss of approximately HK\$61.33 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\$0.16 million and it recorded approximately HK\$37.13 million for the last corresponding period. The basic loss per share attributable to owners for the Company for the reporting period with approximately HK\$0.22 cents compared to approximately HK0.94 cents for the same period last year.



The Group's total current asset as at 30 September 2018 amounted to approximately HK\$299.06 million and the liquidity of the Group, as demonstrated by the current ratio (current assets/current liabilities) was 18.09 times. Among them, the financial assets at fair value through profit or loss were approximately HK\$40.38 million. The financial assets invested include the equity securities listed in Hong Kong and unlisted investment funds lodged in PRC. The Group's bank balances and cash amounted to approximately HK\$149.97 million as at 30 September 2018 of which approximately HK\$7.78 million were held on behalf of clients in trust and segregated accounts. The total borrowings amounted to HK\$5.02 million which was secured by the charges over certain of the Group's land and buildings and corporate guarantee executed by the Company. The gearing ratio of the Group as at 30 September 2018 (calculated by the total liabilities of approximately HK\$16.53 million over equity attributable to the owners of the Company of approximately HK\$295.65 million) is 5.59%.

The equity attributable to owner of the Company amounted to approximately HK\$295.65 million as at 30 September 2018, representing a decrease of approximately HK\$26.31 million, or 8.17% from that of 31 December 2017.

## Outlook

As at 30 September 2018, almost 99% revenue of the Group came from the new segment of sales of parallel imported motor vehicles and provision of relevant agency services in the PRC. Chinese President Xi Jinping stated at the Boao Forum for Asia Annual Conference 2018 on 10 April 2018 that China will significantly lower the import tariffs for vehicles this year. The reduction in import tariff has been effective since 1 July 2018 which will significantly reduce the purchasing costs of end-customers by approximately 8%-15% and thus making imported vehicles more attractive to customers. The Group expects that this policy will enhance and improve the performance of the Group.

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 September 2018, Sheng Yu Hong Jia has improved its number of customers and increased to 7 customers (among 3 of them are related companies) and with 23 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 motor vehicles business is a new “green-field” business of the Group and it will expand the business by organic growth. As such, it is inevitable that at the initial and growth stage of the business, Sheng Yu Hong Jia will have limited number of customers. However, with the experience of the management team of Sheng Yu Hong Jia and the size of the motor vehicles market in the PRC and its potential when compared with other developed markets, the Group is confident that the motor vehicles business will continue to grow with increased number of customers.

On 12 October 2018, the Company has completed to allot and issue 1,450,000,000 shares of the Company to Mr. Wang Jiawei at HK\$0.060 per share. According to the circular of the Company dated 3 September 2018, the net proceeds from the subscription would be approximately HK\$86,350,000, it is intended that the net proceeds from the subscription will be utilized as follows (i) 40%, approximately HK\$34,540,000 for development and expansion of the existing motor vehicle business of the Group; (ii) 50%, approximately HK\$43,175,000 for investments including potential acquisitions of business related to the motor vehicle business of the Group; and (iii) 10%, the remaining balance of approximately HK\$8,635,000 for general working capital of the Group.

Despite Hong Kong stock market was fluctuated, the Group is confident and optimistic about the prospects of the stock markets in the PRC and Hong Kong. We will closely monitor the changes in these stock markets in order to improve performance of the Group.

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 2018, 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</b> | <b>Approximate percentage of shareholding</b> |
|--------------------------|------------------|-------------------------|---|
| Wang Jiawei              | Beneficial owner | 202,043,628             | 3.21%   |
| Lai Yuk Mui              | Beneficial owner | 2,780,127               | 0.04%   |
| Liu Runtong              | Beneficial owner | 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 2018:

| Name of Director         | Date of grant | Number of share options          |                           |                             |                                    | Outstanding as at 30 September 2018 | Option period           | Exercise price (HK\$) |
|--------------------------|---------------|----------------------------------|---------------------------|-----------------------------|------------------------------------|-------------------------------------|-------------------------|-----------------------|
|                          |               | Outstanding as at 1 January 2018 | Granted during the period | Exercised during the period | Cancelled/lapsed during the period |                                     |                         |                       |
| 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 Benzhen            | 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 2018, 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<br>Chen Dongjin<br>(Note 1) | Beneficial owners | 595,328,957             | 9.45%   |
| Zhu Wei                                      | Beneficial owner  | 350,004,000             | 5.56%   |

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<br>Chen Dongjin<br>(Note 2 and 3) | Beneficial owners | 11,682,577              | 0.19%   |

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 2018, 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 13 April 2010, 22 September 2014, 16 October 2015 and 9 November 2016, options to subscribe for 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 2018, details of the outstanding options were as follows:

| Date of grant | Number of share options          |                           |                             |                                    | Outstanding as at 30 September 2018 | Option period              | Exercise price (HK\$) |
|---------------|----------------------------------|---------------------------|-----------------------------|------------------------------------|-------------------------------------|----------------------------|-----------------------|
|               | Outstanding as at 1 January 2018 | Granted during the period | Exercised during the period | Cancelled/lapsed during the period |                                     |                            |                       |
| 13/04/2010    | 82,840,095<br>(Note 1)           | -                         | -                           | -                                  | 82,840,095<br>(Note 1)              | 13/04/2010 –<br>12/04/2020 | 0.419                 |
| 22/09/2014    | 20,000,000                       | -                         | -                           | -                                  | 20,000,000                          | 22/09/2014 –<br>21/09/2024 | 0.518                 |
| 16/10/2015    | 20,000,000                       | -                         | -                           | -                                  | 20,000,000                          | 16/10/2015 –<br>15/10/2025 | 0.238                 |
| 09/11/2016    | 20,000,000                       | -                         | -                           | -                                  | 20,000,000                          | 09/11/2016 –<br>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.

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

As at 30 September 2018, 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 2018 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 2018

*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.*