



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)

2021 INTERIM 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\$5,157,000 for the six months ended 30 June 2021.

Loss for the six months ended 30 June 2021 was approximately HK\$9,733,000.

Loss attributable to owners of the Company for the six months ended 30 June 2021 amounted to approximately HK\$9,728,000.

Basic loss per share was 0.13 HK cents.

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2021.

Interim Report (Unaudited)

The board of Directors of the Company (the “Board”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021 together with the comparative unaudited figures for the period ended 30 June 2020.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	3	2,186	28,525	5,157	51,340
Other income and losses, net	5	2,392	2,693	2,744	2,662
Changes in inventories of finished goods		(1,949)	(26,202)	(2,817)	(48,083)
Other direct costs		(41)	(69)	(126)	(122)
Employee benefit expenses		(3,544)	(5,036)	(7,113)	(10,225)
Depreciation of property, plant and equipment		(509)	(584)	(1,042)	(1,172)
Depreciation of right-of-use assets		(364)	(27)	(725)	(100)
Amortisation of intangible assets		-	(8)	(3)	(16)
Gain on lease termination		-	-	-	35
Finance costs		(25)	(14)	(57)	(32)
Other expenses		(3,035)	(3,318)	(5,751)	(5,975)
Loss before income tax		(4,889)	(4,040)	(9,733)	(11,688)
Income tax expense	6	-	-	-	-
Loss for the period		(4,889)	(4,040)	(9,733)	(11,688)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Other comprehensive income/(loss)					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		2,292	(438)	1,403	(4,110)
Other comprehensive income/(loss) for the period, net of tax		2,292	(438)	1,403	(4,110)
Total comprehensive loss for the period		(2,597)	(4,478)	(8,330)	(15,798)
Loss for the period attributable to:					
Owners of the Company		(4,887)	(4,017)	(9,728)	(11,597)
Non-controlling interests		(2)	(23)	(5)	(91)
		(4,889)	(4,040)	(9,733)	(11,688)
Total comprehensive (loss)/income for the period attributable to:					
Owners of the Company		(2,598)	(5,499)	(8,327)	(16,593)
Non-controlling interests		1	1,021	(3)	795
		(2,597)	(4,478)	(8,330)	(15,798)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
		HK cents	HK cents	HK cents	HK cents
Loss per share attributable to owners of the Company for the period					
Basic loss per share	7	(0.06)	(0.05)	(0.13)	(0.15)
Diluted loss per share	7	N/A	N/A	N/A	N/A

Condensed Consolidated Statements of Financial Position

	Notes	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		25,773	26,849
Intangible assets		–	3
Right-of-use assets		1,946	2,646
Statutory deposits and other assets		405	405
Financial assets at fair value through profit or loss	8	17,357	17,199
Rental and other deposits paid	10	1,675	1,660
		47,156	48,762
Current assets			
Inventories		142	144
Trade receivables	9	11,831	15,835
Loans receivable		11,728	–
Financial assets at fair value through profit or loss	8	1,658	1,198
Prepayments, deposits and other receivables	10	131,639	66,914
Pledged deposits		37,338	–
Bank balances and cash – trust accounts		9,698	16,256
Bank balances and cash – general accounts		48,867	93,556
		252,901	193,903
Total assets		300,057	242,665
Current liabilities			
Trade and bills payables	11	47,137	16,313
Other payables and accruals		1,545	1,798
Contract liabilities	12	35,902	–
Provisions	13	12,463	12,350
Borrowings		–	186
Lease liabilities		829	1,410
		97,876	32,057

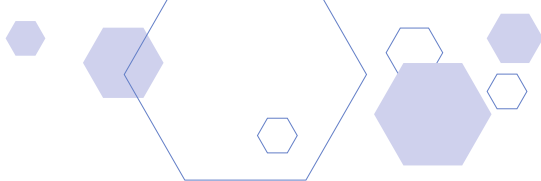
	Notes	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Net current assets		155,025	161,846
Total assets less current liabilities		202,181	210,608
Non-current liabilities			
Lease liabilities		1,149	1,246
Deferred tax liabilities		2,745	2,745
		3,894	3,991
Net assets		198,287	206,617
Capital and reserves			
Share capital	14	77,489	77,489
Reserves		120,575	128,902
Equity attributable to owners of the Company		198,064	206,391
Non-controlling interests		223	226
Total equity		198,287	206,617

Condensed Consolidated Statements of Changes in Equity

	Attributable to owners of the Company								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)	Share-based compensation reserve HK\$'000 (unaudited)	Accumulated losses HK\$'000 (unaudited)	Total HK\$'000 (unaudited)		
Balance at 1 January 2020	77,489	1,673,299	4,779	3,912	(20,600)	21,624	(1,521,955)	238,548	7,428	245,976
Loss for the period	-	-	-	-	-	-	(11,597)	(11,597)	(91)	(11,688)
Other comprehensive (loss)/income for the period	-	-	-	-	(4,996)	-	-	(4,996)	886	(4,110)
Transaction with non-controlling interests	-	-	-	-	-	-	(220)	(220)	(7,976)	(8,196)
Balance at 30 June 2020	77,489	1,673,299	4,779	3,912	(25,596)	21,624	(1,533,772)	221,735	247	221,982
Balance at 1 January 2021	77,489	1,673,299	4,779	3,912	(11,222)	-	(1,541,866)	206,391	226	206,617
Loss for the period	-	-	-	-	-	-	(9,728)	(9,728)	(5)	(9,733)
Other comprehensive income for the period	-	-	-	-	1,401	-	-	1,401	2	1,403
Balance at 30 June 2021	77,489	1,673,299	4,779	3,912	(9,821)	-	(1,551,594)	198,064	223	198,287

Condensed Consolidated Statements of Cash Flows

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Net cash used in operating activities	(44,502)	(5,364)
Net cash used in investing activities	(1)	(41,776)
Net cash used in financing activities	(186)	(1,086)
Net decrease in cash and cash equivalents	(44,689)	(48,226)
Cash and cash equivalents at the beginning of period	93,556	113,059
Cash and cash equivalents at the end of period	48,867	64,833
Cash and cash equivalents include the following for the purposes of the condensed consolidated financial statement of cash flows:		
Cash at bank and on hand	95,903	75,190
Pledged deposits	(37,338)	–
Bank balances and cash – trust accounts	(9,698)	(10,357)
Cash and cash equivalents	48,867	64,833



Notes:

1. General Information

Sinofortune Financial Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) is principally engaged in (i) provision of securities and futures contracts trading services in Hong Kong, (ii) trading and principal investments in Hong Kong, and (iii) sales of motor vehicles, provision of agency services and accessories sourcing in the 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 of Hong Kong Limited (“the Stock Exchange”).

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 functional currency of the Company is Hong Kong dollar (“HK\$”). The unaudited condensed consolidated financial statements are presented in Hong Kong dollars as management 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”). These unaudited condensed consolidated financial statements have been approved and authorised for issuing by the Board of Directors on 6 August 2021.

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. 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 included applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by 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 financial assets at fair value through profit or loss and at fair value through other comprehensive income.

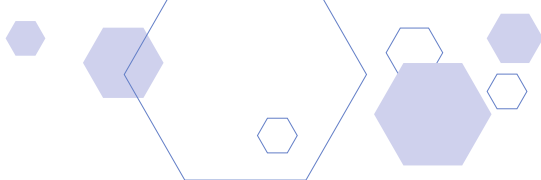
The principal accounting policies applied in the preparation of these unaudited condensed consolidated financial statements were consistent with those applied for the financial statements of the Group for the year ended 31 December 2020.

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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregated by major products or service lines				
Commission income from securities and futures brokerage services	182	213	538	363
Sales of motor vehicles where the Group acts as principal	1,951	27,248	2,820	48,768
Agency and service fees income from accessories sourcing	8	945	1,717	1,947
	2,141	28,406	5,075	51,078
Revenue from other sources				
Interest income from securities and futures brokerage services	45	119	82	262
Total revenue	2,186	28,525	5,157	51,340
Disaggregated by timing of revenue recognition within the scope of HKFRS 15				
Over time	–	–	–	–
At point in time	2,141	28,406	5,075	51,078
	2,141	28,406	5,075	51,078



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 follow:

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

The segment information of the reportable segments for the six months ended 30 June 2021 is as follows:

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

The segment information of the reportable segments for the six months ended 30 June 2020 is as follows:

	Brokerage and securities margin financing services HK\$'000 (unaudited)	Trading and principal investments HK\$'000 (unaudited)	Sales of motor vehicles, provision of agency services and accessories sourcing HK\$'000 (unaudited)	Total HK\$'000 (unaudited) (restated)
Segment revenue				
External sales	625	-	50,715	51,340
Inter-segment sales	-	-	-	-
	625	-	50,715	51,340
Segment (loss)/profit	(1,027)	(3,524)	1,482	(3,069)
Interest income				21
Other income and losses, net				2,618
Unallocated expenses				(11,226)
Finance costs				(32)
Loss before income tax				(11,688)
Income tax expense				-
Loss for the period				(11,688)

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

	Six months ended	
	30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Hong Kong	620	625
The PRC	4,537	50,715
	5,157	51,340

5. Other Income and Losses, Net

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other income				
CCASS fee income	5	4	13	9
Handling fee income	5	8	17	14
Interest income from bank deposits	1,448	17	1,463	40
Other interest income	-	2	-	2
Sundry income	765	2,611	792	2,976
	2,223	2,642	2,285	3,041
Other gains and losses				
Fair value gain/(loss) on financial assets at fair value through profit or loss				
Unrealised fair value gains/(losses) on securities trading	169	51	459	(379)
Other gains/(losses), net	169	51	459	(379)
Other income and losses, net	2,392	2,693	2,744	2,662

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 that are subject to tax had incurred tax losses for the six months ended 30 June 2021 (2020: 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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss		
Loss for the purposes of basic loss per share	(9,728)	(11,597)
Number of shares		
Number of ordinary shares for the purpose of basic loss per share	7,748,958	7,748,958

(b) Diluted loss per share

The computation of diluted loss per share for the six months ended 30 June 2021 and 30 June 2020 did not assume the exercise of the Company's share options because the exercise price of those options were higher than the average market price for shares of the Company for both of the six months ended 30 June 2021 and 2020.

No diluted loss per share for both of the six months ended 30 June 2021 and 2020 is presented as there were no potential ordinary shares in issue for both of the six months ended 30 June 2021 and 2020.

8. Financial Assets at Fair Value Through Profit or Loss

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Equity securities listed in Hong Kong (Note (1))	1,658	1,198
Unlisted equity investments (Note (2))	17,357	17,199
	19,015	18,397
Analysed for reporting as:		
Non-current assets	17,357	17,199
Current assets	1,658	1,198
	19,015	18,397

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.

Limited Partnership has a 90% equity owned 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 engage in investing and participation in new medicine development projects. In September 2019, Chengdu Jia Bao Yao Yin entered into a joint development agreement with a business partner to co-operate in the joint development of three new medicines. In October 2019, Chengdu Jia Bao Yao Yin entered into an agreement to acquire the patent of a medicine from the business partner.

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

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

9. Trade Receivables

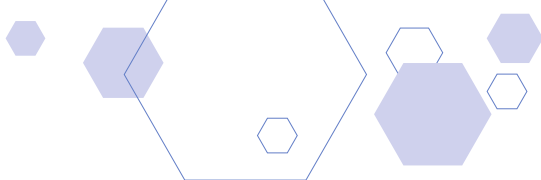
	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Trade receivables arising from securities brokerage business:		
Margin clients	–	2,433
Cash clients	138	1,099
Hong Kong Securities Clearing Company Limited ("HKSCC") (net)	39	466
Trade receivables arising from trading of motor vehicles	11,654	11,837
	11,831	15,835

Trade receivables from margin clients are repayable on demand, bearing interest at prevailing market rates and are secured by clients' pledged securities which are listed on the Stock Exchange with a total market value. No clients' pledged securities are secured as at 30 June 2021 (31 December 2020: approximately HK\$15,457,000).

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

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

The trade receivables from customers arising from trading of motor vehicles that were past due but not impaired at 30 June 2021 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 dated at the reporting period:

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
0 – 30 days	–	3,132
31 – 90 days	–	316
91 – 180 days	3,161	7,148
181 – 365 days	8,048	800
Over 365 days	445	441
	11,654	11,837

The maximum exposure to credit risk at the reporting period is the carrying amounts of trade receivables. Other than the amounts receivable from margin clients, the Group does not hold any collateral as security in respect of its trade receivables.

10. Prepayments, Deposits and Other Receivables

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Deposits paid for acquisition of motor vehicles for resale	82,083	43,165
Advance payment for acquisition of a property	1,675	1,660
Other deposits and prepayments	37,903	865
Total deposits and prepayments	121,661	45,690
Other receivables		
Reclassified from deposits paid for acquisition of motor vehicles for resale	4,539	5,684
Value added tax recoverable	2,017	2,051
Advances to a subsidiary of the Limited Partnership	–	11,858
Sundry receivables	5,097	3,291
Total other receivables	11,653	22,884
	133,314	68,574
Analysed for reporting as:		
Non-current assets	1,675	1,660
Current assets	131,639	66,914
	133,314	68,574

11. Trade and Bills Payables

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Payable arising from securities brokerage business:		
Margin clients	6,051	9,680
Cash clients	3,742	6,627
Bills payables	37,338	–
Other trade payables	6	6
	47,137	16,313

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

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

Bills payables are all matured within 365 days.

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

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Over 365 days	6	6

12. Contract Liabilities

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Payments received in advance of performance Agency services	35,902	-

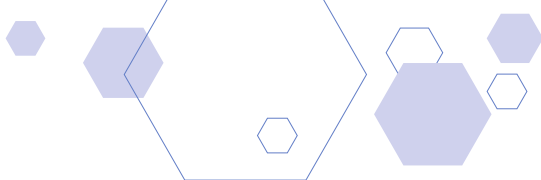
The contract liabilities are expected to be recognised as income within one year.

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

13. Provisions

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Provision for loss on onerous contracts	12,463	12,350

As at 30 June 2021, provision for an onerous contracts are at carrying amount of HK\$12,463,000 (31 December 2020: HK\$12,350,000) 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 2021 and 30 June 2021	7,748,958	77,489	1,673,299	1,750,788

The total authorised number of ordinary shares is 10,000,000,000 shares (31 December 2020: 10,000,000,000 shares) with a par value of HK\$0.01 per share (31 December 2020: HK\$0.01 per share). All issued shares are fully paid.

15. Dividends

The directors of the Company do not recommend the payment of a dividend for the six months ended 30 June 2021 (2020: Nil).



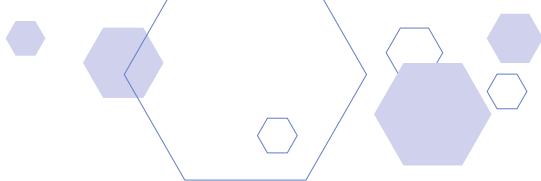
Business Review

The Group recorded revenue of approximately HK\$5.16 million and a loss of approximately HK\$9.73 million for the six months ended 30 June 2021, compared with the revenue of approximately HK\$51.34 million and the loss of approximately HK\$11.69 million for the same period in 2020, they significantly reduced by approximately HK\$46.18 million and approximately HK\$1.96 million respectively. As disclosed in the Company's announcement dated 30 July 2021, drastic drop of the revenue was mainly due to the change of government policy in the PRC on the new automobile emission standard ("China 6 Standard"). The PRC government has required the parallel importers of motor vehicles to obtain EE Certificate for China 6 Standard imported motor vehicles in order for them to be offered for sale at the market in the PRC. As the certification process for those China 6 Standard motor vehicles of the Group have taken longer than expected and had not been furnished during period ended 30 June 2021 and thus the stock of China 6 Standard imported motor vehicles could not be offered by the Group for sale in the PRC market, the business under this segment had been seriously affected.

As mentioned above, resulting from the change of PRC government policy on China 6 Standard motor vehicles, the segment of sales of motor vehicles, provision of agency services and accessories sourcing recorded approximately HK\$4.54 million for the period ended 30 June 2021, compared with approximately HK\$50.72 million for the previous period, significantly decrease of approximately HK\$46.18 million.

Regarding investment in the new medicine development market in the PRC, the Group cooperates in the joint development of four new medicines in the treatment of lymphoma, cell tumors, colorectal cancer and multidrug-resistant tuberculosis through its investment in a limited partnership. As at 30 June 2021, one of the new medicines has entered into the phase I of clinical trial and the others are still in the researching stage.

For proprietary stock trading, the Group recorded an unrealised gain of approximately HK\$0.46 million and no realised gain or loss for the period under review.



Financial Review

The Group recorded an unaudited revenue of approximately HK\$5.16 million for the six months ended 30 June 2021 as compared to approximately HK\$51.34 million for the corresponding period in 2020, there was a decrease of approximately HK\$46.18 million or 90.0%. The decrease in revenue was mainly due to the decrease in the business of sales of motor vehicles, provision of agency services and accessories sourcing in the PRC.

The segment of sales of motor vehicles, provision of agency services and accessories sourcing recorded revenue of approximately HK\$4.54 million for the six months ended 30 June 2021 and it recorded approximately HK\$50.72 million of revenue for the last corresponding period. The drastic drop in revenue mainly due to the PRC government changes of policy on the China 6 Standard motor vehicles and required the parallel importers of motor vehicles to obtain EE Certificate for China 6 Standard imported motor vehicles so as to be offered them for sale in the PRC market. As the Group have taken longer than expected on the certification process for those China 6 Standard motor vehicles and had not been furnished during the Interim Period, thus the Group did not have the China 6 Standard imported motor vehicles could be offered for sale in the PRC market, it led seriously affect in the business of this segment.

The Group recorded an unaudited loss for the six months ended 30 June 2021 of approximately HK\$9.73 million compared with an unaudited loss of approximately HK\$11.69 million for the last corresponding period. The unaudited loss of the period encompassed the unaudited unrealised fair value gains on securities trading for approximately HK\$0.46 million and it recorded unaudited unrealised fair value losses on securities trading of approximately HK\$0.38 million for the last corresponding period. The basic loss per share attributable to owners for the Company for the reporting period with approximately HK\$0.13 cents compared to approximately HK\$0.15 cents for the same period last year.



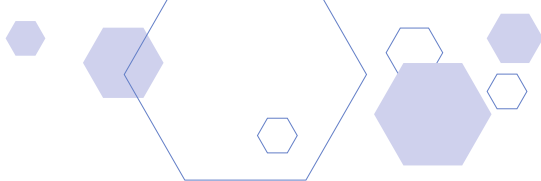
Outlook

As at 30 June 2021, almost 88% revenue of the Group came from the segment of sales of motor vehicles, provision of agency services and accessories sourcing in the PRC. Affected by the outbreak of COVID-19, the uncertainty created by the on-going Sino-US trade war and the impact of the PRC government policy, the motor vehicles business of the Group has been dragged down. In order to promote the prevention and control of the COVID-19 pandemic and economic and social development, the PRC government has responded to the impact of the pandemic and focused on expanding the demand of motor vehicles and some provinces have introduced relevant policies. Hoping that those PRC government policies can improve the performance of the motor vehicles business of the Group subject to the Group complete the EE certification process for the China 6 Standard motor vehicles required by the PRC government. The Group will closely monitor the business environment and the changes of the PRC government policy in order to make appropriate business strategies.

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 2021, 重慶盛渝泓嘉國際貿易有限公司 (transliterated as Chongqing Sheng Yu Hong Jia International Trading Company Limited) ("Sheng Yu Hong Jia") has improved its number of customers and increased to 37 customers and with 37 customers in the progress of negotiation. Sheng Yu Hong Jia will strive to increase more customers to reduce the level of reliance in the future.

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

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



Liquidity and Financial Resources

The Group's current assets as at 30 June 2021 amounted to approximately HK\$252.90 million (31 December 2020: approximately HK\$193.90 million) and the liquidity of the Group, as demonstrated by the current ratio (current assets over current liabilities) was 2.6 times (31 December 2020: 6.0 times). Among them, the financial assets at fair value through profit or loss were approximately HK\$1.66 million (31 December 2020: approximately HK\$1.20 million) which invested in the equity securities listed in Hong Kong. As at 30 June 2021, the Group's cash and bank balances were approximately HK\$58.57 million (31 December 2020: approximately HK\$109.81 million) of which approximately HK\$9.70 million (31 December 2020: approximately HK\$16.26 million) were held on behalf of clients in trust and segregated accounts. The gearing ratio of the Group as at 30 June 2021 (calculated by total liabilities over equity attributable to owners of the Company) was 51.4% (31 December 2020: 17.5%).

As at 30 June 2021, the Group's total borrowing amounted was HK\$Nil (31 December 2020: approximately HK\$0.19 million which fully repaid in January 2021). Taking into account of the amount of liquid assets in hand, the Board is of the view that the Group has sufficient financial resources for future development of the existing business of the Group and other business when investment opportunities arise.

The equity attributable to owner of the Company amounted to approximately HK\$198.06 million as at 30 June 2021, representing a decrease of approximately HK\$8.33 million, or 4.0% from that of 31 December 2020.

Share Capital

As at 30 June 2021, the authorized share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each and the issued share capital of the Company was approximately HK\$77,489,581 divided into 7,748,958,120 shares of HK\$0.01 each.

Foreign Exchange Exposure

The Group manages the foreign exchange exposure arising from its normal course of business activities and investments in foreign operations by funding its local operations and investments through cash flow generated from business transaction locally. As at 30 June 2021, the Group did not have any material unhedged foreign exchange exposure of interest rate mismatch.



Employee Information

As at 30 June 2021, the Group had a workforce of 49 employees (31 December 2020: 47). The total staff costs, including directors' emoluments, amounted to approximately HK\$7.11 million for the period ended 30 June 2021 (30 June 2020: approximately HK\$10.23 million). The Group's remuneration policies are reviewed on an annual basis and commensurate with the industry pay level. The remuneration package includes basic salary, provident fund, medical benefits and discretionary bonus. The Group has also adopted a new share option scheme as an added incentive for its employees.

Charges on Group Assets

As at 30 June 2021, leasehold land and buildings of the Group with a carrying amount of approximately HK\$23.52 million (31 December 2020: HK\$24.33 million) were pledged for banking facilities granting to the Group.

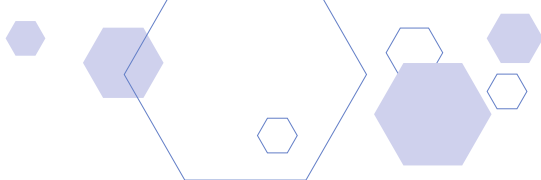
The amount of bank loan has been fully settled on January 2021. As such mortgage will be discharged.

Contingent Liabilities

As at 30 June 2021 and 31 December 2020, the Group had no significant contingent liabilities.

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

The Group did not have any other significant investment, material acquisitions and disposal of subsidiaries, associates and joint ventures during the period ended 30 June 2021.



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

As at 30 June 2021, 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	Capacity	Number of shares held	Approximate percentage of shareholding
Wang Jiawei	Beneficial owner	2,102,255,935	27.13%
Lai Yuk Mui	Beneficial owner	2,780,127	0.04%
Liu Runtong	Beneficial owner	2,646,000	0.03%



(b) Long positions in underlying shares of the Company

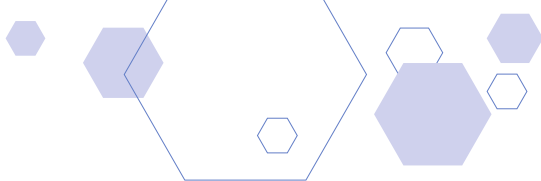
Share option scheme of the Company

The share option scheme adopted by the Company on 21 June 2012 which complies with Chapter 23 of the GEM Listing Rules. As at 30 June 2021, no share option had been granted under the share option scheme and none of the Directors and chief executive have any share options to subscribe for shares of the Company.

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

(c) Short positions in underlying shares of the Company

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



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

(a) Long positions in shares of the Company

As at 30 June 2021, 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.

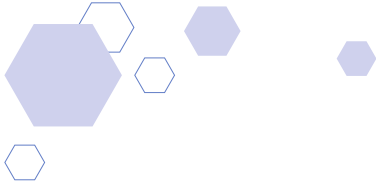
(b) Long positions in underlying shares of the Company

As at 30 June 2021, the Company had not been notified of any person (other than the Directors whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above) who had an interest or short position in the shares or underlying shares of the Company and was required to be recorded in the register required to be kept under Section 336 of the SFO and/or was directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

Details of the Share Options Granted by the Company

Share Option Scheme of the Company

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



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

As at 30 June 2021, no share option under the share option scheme has been granted.

Directors' Interest in Competing Business

As at 30 June 2021, 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.

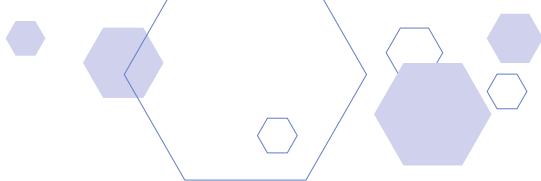
Compliance with Code on Corporate Governance Practice

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 A.2.1

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

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



Directors' Securities Transaction

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors of the Company confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period under review.

Audit Committee

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

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

The audit committee has reviewed the financial statements of the Group for the six months ended 30 June 2021 pursuant to the relevant provisions contained in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that 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, 6 August 2021

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