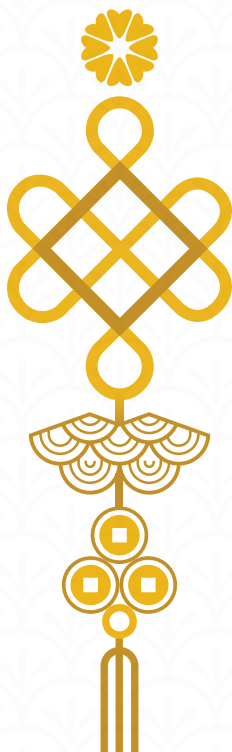


CHINA
FORTUNE
INVESTMENTS
中國幸福投資
INTERIM REPORT
2021



中國幸福投資(控股)有限公司
China Fortune Investments (Holding) Limited

CHINA FORTUNE INVESTMENTS (HOLDING) LIMITED
(Incorporated in the Cayman Islands with Limited Liability)
(Stock code: 8116)



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 high 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 the 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.

Hong Kong Exchange and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of China Fortune Investments (Holding) Limited (the “Company”) 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 of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The board of directors (the “Board”) of the Company hereby to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021, together with the unaudited comparative figures for the corresponding period in last year, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	2	3,845	3,284	14,218	8,307
Cost of sales		(2,905)	(1,925)	(12,360)	(5,491)
Gross profit		940	1,359	1,858	2,816
Other income and gains, net	2	233	5,742	233	5,742
Administrative expenses		(2,728)	(3,916)	(6,044)	(9,001)
Finance costs		(3)	(9,124)	(6)	(18,102)
Loss before income tax expenses	4	(1,558)	(5,939)	(3,959)	(18,545)
Income tax expenses	5	-	-	-	-
Loss for the period		(1,558)	(5,939)	(3,959)	(18,545)
Loss for the period attributable to:					
Owners of the Company		(1,539)	(5,936)	(3,932)	(18,541)
Non-Controlling interests		(19)	(3)	(27)	(4)
		(1,558)	(5,939)	(3,959)	(18,545)



	<i>Notes</i>	(Unaudited)		(Unaudited)	
		Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period		(1,558)	(5,939)	(3,959)	(18,545)
Other comprehensive expense for the period, net of tax		-	-	-	-
Total comprehensive expense for the period		(1,558)	(5,939)	(3,959)	(18,545)
Total comprehensive expense attributable to:					
Shareholders of the Company		(1,539)	(5,936)	(3,932)	(18,541)
Non-controlling interest		(19)	(3)	(27)	(4)
		(1,558)	(5,939)	(3,959)	(18,545)
Loss per share attributable to Shareholder of the Company	<i>6</i>				
Basic and diluted (HK cents per share)		(0.05)	(0.20)	(0.13)	(0.61)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		(Unaudited) As at 30 June 2021 HK\$'000	(Audited) As at 31 December 2020 HK\$'000
Non-current assets			
Property, plant and equipment	7	90	143
Right of use assets	8	–	878
Deferred tax assets		167	167
		<u>257</u>	<u>1,188</u>
Current assets			
Inventories		14,060	18,310
Trade receivables	9	1,037	108
Other receivables, deposits and prepayments		121,600	121,780
Tax receivable		46	905
Bank balance and cash		1,760	19,860
		<u>138,503</u>	<u>160,963</u>
Current liabilities			
Trade payables	10	3,972	6,267
Accruals, other payables and deposits received		3,402	4,462
Amounts due to directors		3,653	3,653
Tax payable		1,092	1,203
Promissory notes payable		–	–
Other loan		–	15,000
Lease liabilities		–	966
		<u>12,119</u>	<u>31,551</u>
Net current assets		<u>126,384</u>	<u>129,412</u>
Total assets less current liabilities		<u>126,641</u>	<u>130,600</u>



		(Unaudited) As at 30 June 2021 HK\$'000	(Audited) As at 31 December 2020 HK\$'000
Non-current liabilities			
Convertible bonds	12	–	–
Promissory notes payables		–	–
Lease liabilities		–	–
Total non-current liabilities		–	–
Net assets		126,641	130,600
Capital and reserves			
Issued capital	11	15,156	15,156
Reserves		111,133	115,065
Deficit attribute to owners of the Company		126,289	130,221
Non-controlling interest		352	379
Total equity		126,641	130,600



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2021

	(Unaudited) Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(2,128)	(2,936)
Net cash outflow from investing activities	–	(2,823)
Net cash outflow from financing activities	(15,972)	–
Decrease in cash and cash equivalents	(18,100)	(5,759)
Effect of foreign exchange rate changes	–	–
Cash and cash equivalents at the beginning of the period	19,860	9,304
Cash and cash equivalents at the end of the period	1,760	3,545
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	1,760	3,545



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021 (unaudited)

	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Merger Reserve <i>HK\$'000</i>	Convertible Bonds Equity Reserve <i>HK\$'000</i>	Accumulated Losses <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2021								
At 1 January 2021	15,156	1,995,281	(46,815)	-	(1,833,401)	130,221	379	130,600
Total comprehensive expense attribute to shareholders	-	-	-	-	(3,932)	(3,932)	(27)	(3,959)
At 30 June 2021	15,156	1,995,281	(46,815)	-	1,837,333	126,289	352	126,641
Six months ended 30 June 2020								
At 1 January 2020	15,156	1,995,281	(46,815)	44,383	(2,078,929)	(70,924)	380	(70,544)
Total comprehensive expense attribute to shareholders	-	-	-	-	(18,541)	(18,541)	(4)	(18,545)
At 30 June 2020	15,156	1,995,281	(46,815)	44,383	(2,097,470)	(89,465)	376	(89,089)

Notes:

1. Basis of Preparation and Principal Accounting Policies

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 and 30 June 2020 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosures required by the GEM Listing Rules.

The basis of preparation and principal accounting policies adopted in preparing these unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2020, except for the adoption of the new and revised HKFRSs that have become effective for its accounting period beginning on 1 January 2021.

The adoption of the new and revised HKFRSs has no significant effect on these unaudited condensed consolidated financial statements.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current accounting period of the Group.

The unaudited condensed consolidated financial statements have been prepared under historical cost basis and not been reviewed by the Company’s auditor. Adjustments may be identified during the course of annual audit to be performed by the Company’s auditor.

2. Revenue, other income and gains, net

Revenue, which is also the Group’s turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the revenue, other income and gains, net, as follows:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2021 HK\$’000	2020 HK\$’000	2021 HK\$’000	2020 HK\$’000
Revenue				
Wine and Cigar business	1,602	1,646	10,936	4,783
Golf business	2,243	1,638	3,282	3,453
Watch & Jewelleries business	–	–	–	71
	<u>3,845</u>	<u>3,284</u>	<u>14,218</u>	<u>8,307</u>
Other income and gains, net				
Bank interest income	–	–	–	–
Others	233	5,742	233	5,742
	<u>233</u>	<u>5,742</u>	<u>233</u>	<u>5,742</u>
Total revenue	<u>4,078</u>	<u>9,026</u>	<u>14,451</u>	<u>14,049</u>

3. Operating segment information

For management purposes, the Group is organised into business units based on their products and services, which are the wine and cigar business, golf business and watch & jewellery business. The corporate office in Hong Kong does not earn revenue and is not classified as an operating segment.

Management monitors the results of the Group's operating segments separately for the purposes of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that investment and other income, fair value loss on financial assets at fair value through profit or loss and derivative financial instrument, impairment loss on available-for-sale investments, equity-settled share option expense, head office and corporate expenses, finance costs as well as provision for inventories are excluded from such measurement.

For the six month ended 30 June 2021 (Unaudited):

	Wine and Cigar business <i>HK\$'000</i>	Golf business <i>HK\$'000</i>	Watch & Jewellery business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Period ended 30 June 2021				
Segment revenue:				
Sales to external customers	10,936	3,282	-	14,218
Segment results	(1,119)	(998)	-	(2,117)
Reconciliation:				
Other income				233
Corporate and other unallocated expenses				(2,069)
Finance costs				(6)
Loss for the period				(3,959)

For the six month ended 30 June 2020 (Unaudited):

	Wine and Cigar business <i>HK\$'000</i>	Golf business <i>HK\$'000</i>	Watch & Jewellery business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Period ended 30 June 2020				
Segment revenue:				
Sales to external customers	4,783	3,453	71	8,307
Segment results	(226)	(413)	(751)	(1,390)
Reconciliation:				
Other income				5,742
Corporate and other unallocated expenses				(4,795)
Finance costs				(18,102)
Loss for the period				(18,545)



4. Loss before income tax expenses

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before tax has been arrived after charging:				
Cost of sales	2,905	1,925	12,360	5,491
Depreciation of property, plant and equipment	21	188	53	385
Depreciation of right-of-use assets	198	658	878	1,317
Operating lease rental in respect of rented premises	55	72	166	144
Staff costs, including directors' emoluments:				
– Basic salaries and other benefits	1,304	2,168	3,054	4,588

5. Income tax expenses

The amount of taxation charged to the condensed consolidated statement of comprehensive income represents:

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax	-	-	-	-

Notes:

Hong Kong profits tax has been provided at the rate of 16.5% on estimated assessable profits arising in Hong Kong during the period.

6. Loss per share

The calculation of the basic and diluted loss per share are based on:

	(Unaudited)	
	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Loss for the period		
Loss for the period attributable to owners of the Company	(3,932)	(18,541)



6. Loss per share (Continued)

	(Unaudited) As at 30 June 2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	3,031,101,766	3,031,101,766

Diluted loss per share is calculated by adjusting the number of ordinary shares outstanding due to the effect of all dilutive potential ordinary shares and the Group's loss attributable to owners of the Company.

The Company has dilutive potential ordinary shares attributable to convertible bonds. The calculation of diluted loss per share in the both periods does not assume the conversion of convertible bonds since they are anti-dilutive for the periods ended 30 June 2021 and 2020. Accordingly, the diluted loss per share is the same as the basic loss per share.

7. Property, plant and equipment

	(Unaudited) 30 June 2021 HK\$'000	(Audited) 31 December 2020 HK\$'000
Net book value as at 1 January	143	3,353
Additions	-	634
Impairment	-	(2,917)
Depreciation	(53)	(927)
Net book value, end of the period/year	90	143

8. Right-of-use assets

	Leased properties HK\$'000
At 1 January 2020	3,511
Depreciation charge	(2,633)
At 31 December 2020 and 1 January 2021	878
Depreciation charge	(878)
At 30 June 2021	-

The Group leases shops and warehouse for its operations. Lease contracts are entered into for fixed term of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

9. Trade receivables

An aged analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of impairment allowance, is as follows:

	0 to 30 days <i>HK\$'000</i>	31 to 60 days <i>HK\$'000</i>	61 to 90 days <i>HK\$'000</i>	91 to 180 days <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2021	331	56	555	95	1,037
As at 31 December 2020	39	2	1	–	42

10. Trade payables

An aged analysis of the Group's trade payables as at the end of the reporting period, based on invoice date, is as follows:

	0 to 30 days <i>HK\$'000</i>	31 to 60 days <i>HK\$'000</i>	61 to 90 days <i>HK\$'000</i>	91 to 180 days <i>HK\$'000</i>	Over 180 days <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2021	124	20	103	3,686	39	3,972
As at 31 December 2020	5,946	88	194	35	4	6,267

11. Share capital

	The Company			
	30 June 2021 Number of share of HK\$0.005 each	Nominal Value <i>HK\$'000</i>	31 December 2020 Number of share of HK\$0.005 each	Nominal Value <i>HK\$'000</i>
Authorised: Ordinary shares	100,000,000,000	500,000	100,000,000,000	500,000
Issued and fully paid: At 1 January	3,031,101,766	15,156	3,031,101,766	15,156
At 30 June 2021 and 31 December 2020	3,031,101,766	15,156	3,031,101,766	15,156



12. Convertible bonds

In November 2017, the Group issued convertible bonds with an aggregate principal amount of HK\$80,000,000 due in 2022 with conversion price of HK\$0.165 per share (the "CB I") as part of the consideration for acquisition for Affluent Grand Limited. The CB I does not bear any interest. The effective interest rate of the liability component is 18.72% per annum. The maturity date is on the fifth anniversary of the date of issue of the CB I. As at 30 June 2021, there is no convertible bond remained outstanding (31 December 2020: Nil).

The movement of liabilities component of the Convertible Bonds for the period is set out

	The Group and the Company	
	CB I	Total
	HK\$'000	HK\$'000
At 1 January 2020	50,924	50,924
Derecognized during the year	(50,924)	(50,924)
At 31 December 2020 and 30 June 2021	-	-

13. Dividend

The Board does not recommend the payment of an interim dividend throughout the six months ended 30 June 2021 (2020: Nil).

14. Charge on group's assets

As at 30 June 2021, none of the Group's assets were charged or pledged to secure any loans or borrowings.

15. Comparative figures

Certain comparative figures have been reclassified to conform with current period's presentation.



BUSINESS REVIEW AND OUTLOOK

Wine, Cigar and Golf products retail and trading business and trading of internationally renowned watch brands and luxury and prestigious jewelleries in Hong Kong

Maxpark Enterprises Limited (“Maxpark”) and its subsidiaries (collectively “Maxpark Group”) engages in the retail and trading business of wine, cigar and golf products and trading of internationally renowned watch brands and luxury and prestigious jewelleries through 6 direct subsidiaries all of which are incorporated in Hong Kong, namely Queensway Wine International Limited, Queensway Wine (Hong Kong) Limited, Queensway Golf International Limited, Mass Fortune (Asia) Limited, Kasco (HK) Limited and Queensway Watch & Jewellery Limited (“Queensway Watch”) (“HK Subsidiaries”). Kasco (HK) Limited is a direct subsidiary of Maxpark and held as to 90.5% by Maxpark and 9.5% by an Independent Third Party.

Wine and cigar business

I Products

Maxpark Group sells a wide variety of wine products including red wine, white wine, champagne, whisky and other liquors and spirits, with particular focus on premium red wine produced from the leading wineries in France, namely Château Lafite Rothschild in Pauillac, Château Latour in Pauillac, Château Margaux in Margaux, Château Haut-Brion in Pessac-Léognan and Château Mouton Rothschild in Pauillac. The origin of the wine are mainly from France, the United States and Italy. Moreover, Maxpark Group has also become the exclusive distributor in Hong Kong and Macau of Vuelo, Guapas and Koa series (produced by Nobel Chile) since January 2020. Maxpark Group also sells cigar and tobacco which are considered to be complementary to the needs of the customers for the wine products.

II Suppliers

Maxpark Group sources its wine products from both overseas and local wine distributors and merchants. Overseas suppliers include wine distributors and merchants for leading wineries in France, United Kingdom, United States, Italy, Chile and Australia. Maxpark Group obtains its supplies for cigar and tobacco products from local distributors.



III Customers

The customers for Maxpark Group's wine products include corporations engaging in entertainment, travel, restaurants and luxury products businesses and high net-worth individuals.

IV Storage

Maxpark Group's wine inventory are stored either at its retail shop or at external warehouses which are equipped with automatic air-conditioning system to control the humidity and temperature of the storage environment.

Golf business

I Products

Maxpark Group sells a wide range of golf related products including golf club, ball, shoes, glove, clothing and other accessories of various reputable brands from different countries.

II Suppliers

Maxpark Group mainly sources its golf products from local distributors with the exception of "Kasco" brand products which are sourced directly from Kasco's Japan and Taiwan office. Maxpark Group is the sole distributor in Hong Kong of "Kasco" brand golf products. "Kasco" is a well-known Japanese golf brand with over 50 years' history. In February 2020, Maxpark Group has entered into a formal agreement with the manufacturer of "Kasco" brand products to be the sole distributor in Hong Kong and Macau of "Kasco" brand golf products to 2024. Maxpark Group will also source products from overseas suppliers according to customers' needs.

III Customers

The customers for Maxpark Group's golf products include individual retail customers, local corporate customers such as banks and large corporations. Wholesale customers are mainly local golf clubs and golf retail shops.



Wine, Cigar and Golf products retail stores

Maxpark Group currently operates one shop for retail of wine products, cigar and tobacco and one shop for retail of golf products. The two shops are leased properties located next to each other at Shun Tak Centre, Sheung Wan, Hong Kong.

Watch & Jewelleries business

I Products

Queensway Watch will focus on high-grade watch products. Tourbillon, Luxury watch or Miniature Painting watch are main products of Queensway Watch.

II Supplier

Queensway Watch bought watch products mainly from the manufacturer directly in United States and Switzerland. The suppliers including Corum, Girard Perregaux, Audemars Piguet and Bovet 1822 which are the large and well-known luxury watch producer in the market.

III Customers

The customers for Queensway Watch mainly include high net-worth individuals.

Group's other business

The Group had no other significant acquisition or disposal of investments during the six months ended 30 June 2021.

OUTLOOK

According to the Hong Kong SAR Government, the injection of COVID-19 vaccines under the territory-wide COVID-19 vaccination programme is crucial to the resumption of the normal ways of life in Hong Kong. As at the date of this report, the number of doses administered (1st dose) was over 3.6 million, representing 53.4% of the total population. The Group is optimistic with the wholesale and retail businesses of the resumption in nearly future, especially with the reopen of the borders between Hong Kong, Macau and China. The Group will capture the potential business opportunities once all COVID-19 restrictions are released.

The Group continues to explore any other new potential investment opportunities to improve the Group's standard performance and returns to its shareholders.



LISTING STATUS OF THE COMPANY

By a letter dated 12 June 2020, The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) informed the Company that the GEM Listing Committee has decided to cancel the Company’s listing under Rule 9.14A of the Rules Governing the Securities on GEM of the Stock Exchange (the “GEM Listing Rules”). The GEM Listing Committee considered that the Company has not fulfilled the resumption guidance requiring publication of all the outstanding financial results with any audit modification addressed and has not demonstrated its compliance with Rule 17.26 of the GEM Listing Rules. On 22 June 2020, the Company has submitted a written request to the secretary of the GEM Listing Review Committee applying for a review of the decision of the GEM Listing Committee.

On 2 November 2020, the GEM Listing Review Committee heard the application by the Company for a review of the decision of the GEM Listing Committee to cancel the Company’s listing under Rule 9.14A of the GEM Listing Rules (the “GEM Listing Committee Decision”). On 19 November 2020, the Company received the decision of the GEM Listing Review Committee (the “GEM Listing Review Committee Decision”) on such application. Pursuant to the GEM Listing Review Committee Decision, the GEM Listing Review Committee (i) overturned the GEM Listing Committee Decision; and (ii) granted the Company an extension of time to the end of June 2021 to enable the Company to have its application in the proceedings (details as per “Litigation” below) heard and to address its compliance with Rule 17.26 of the GEM Listing Rules and related matters.

On 30 March 2021, the Judgment had been made by the High Court against the Vendors. Please refer to the section headed “Litigation” below for details.

On 16 July 2021, the Company made a submission to the Stock Exchange to address its compliance with Rule 17.26 of the GEM Listing Rules and related matters.



LITIGATION

On 16 January 2020, the Company has commenced legal proceedings at the High Court of the Hong Kong Special Administrative Region (Case no. HCA 88/2020) against Tai Quan Enterprises Limited, Extreme Rich Corporate Development Limited (collectively “Vendors”) and Radiant Thrive Enterprises Limited (“Radiant”). The Company’s principal claims are for:

- rescission of the acquisition agreement entered between the Company and the Vendors for acquiring the entire share capital of Affluent Grand Limited on 28 April 2017 (the “Acquisition Agreement”), the convertible bonds instruments and promissory notes issued to the Vendors on 27 November 2017 (subsequently transferred to Radiant 19 June 2018) on the ground of, inter alia, for fraudulent misrepresentation;
- declaration that the Vendors are not entitled to enforce the Acquisition Agreement dated 28 April 2017, the convertible bonds instruments and promissory notes issued to the Vendors on 27 November 2017 (subsequently transferred to Radiant on 19 June 2018);
- declaration that the Vendors and Radiant are not entitled to enforce the promissory notes dated 27 November 2017;
- return of HK\$120,000,000 money from the Vendors; and
- damages for, inter alia, fraudulent misrepresentation against the Vendors.

A final and interlocutory judgment (the “Judgment”) has been made by the High Court against the Vendors on 30 March 2021 pursuant to which the Vendors are ordered to pay, inter alias:

1. the sum of HK\$120,000,000 together with interest thereon at the rate of 8% per annum from 28 November 2017 to the date of the Judgment and thereafter at judgement rate until date of full payment; and
2. damages to be assessed together with interests thereon.



As at the date of this report, the Company is taking legal advice regarding the enforcement of the Judgment.

The Company will continue to monitor any further developments of the matter and will make further announcements as and when appropriate.

FINANCIAL REVIEW

Revenue

For the six months period ended 30 June 2021, the unaudited consolidated revenue of the Group was approximately HK\$14.22 million and HK\$8.31 million in the corresponding period in 2020. Gross profit is approximately HK\$1.86 million. The revenue of approximately of HK\$10.94 million was generated from retail and wholesales of wine and cigar and approximately HK\$3.28 million was generated from retail and wholesales of golf products.

The retail business of Maxpark Group was still struck by the coronavirus pandemic since the end of January 2020. With the slight release of certain restrictions on the COVID-19 pandemic prevention measures, the revenue of Maxpark Group was recovered as compared with the same period in 2020.

Other revenue

For the six months ended 30 June 2021, the Group obtained approximately HK\$0.23 million in other revenues. Other revenue mainly comprised of subsidies from the employment support scheme of the Hong Kong Government.

Administrative expenses

Administrative expenses decreased from approximately HK\$9.00 million for the six months ended 30 June 2020 to approximately HK\$6.04 million for the six months ended 30 June 2021. Administrative expenses mainly included salaries and wages and depreciation of right-of-use assets. The decrease in administrative expenses is mainly attributed to the decrease of rental expenses and legal and professional fee.

Finance costs

Finance costs decreased from HK\$18.10 million for the six months ended 30 June 2020 to approximately HK\$0.01 million in the corresponding period in 2021. The finance costs in 2020 were mainly consisted of imputed interest in convertible bonds and interest in promissory notes.



Results for the period

The unaudited loss attributed to shareholders of the Company was approximately HK\$3.93 million for the six months ended 30 June 2021 and unaudited loss attributed to shareholders of the Company was approximately HK\$18.54 million in the corresponding period in 2020. The decrease of unaudited loss was mainly influenced by the increase of revenue and the decrease of administrative expenses.

LIQUIDITY AND FINANCIAL RESOURCES

The bank balances and cash of the Group was amounting to HK\$1.76 million as at 30 June 2021 and HK\$19.86 million as at 31 December 2020.

CAPITAL STRUCTURE

In November 2017, the Group issued convertible bonds with principal amount of HK\$80 million (the “CB I”) as part of the consideration for acquisition of Affluent Grand Limited. The CB I do not bear any interest. The effective interest rate of liability is 18.72% per annum. The maturity dates is on the fifth anniversary of the date of issue of the CB I. The CB I has been rescinded in 2020.

As at 30 June 2021, the Group’s gearing ratio (total liabilities by total assets) is 9% (31 December 2020: 19%).

CHARGE ON GROUP ASSETS

As at 30 June 2021, none of the Group’s assets were charged or pledged to secure any loans or borrowings.

FOREIGN EXCHANGE EXPOSURE

Since the Group’s sales, purchases and loans were substantially denominated in either Renminbi or Hong Kong Dollar, the Directors of the Company consider that the potential foreign exchange exposure of the Group is limited.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any material contingent liabilities.



EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group employed a workforce with head count of 19. Employee benefit expenses, including directors' emoluments, amounted to approximately HK\$3.05 million. The Group's remuneration policy has been in line with the prevailing market practice including discretionary bonus and remunerates its employees based on their performance and contribution. Other benefits include contributions to retirement benefits scheme and medical insurance.

ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group had no acquisitions or disposals of subsidiaries and affiliated companies for the six months ended 30 June 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any future plans for material investments or capital assets as at 30 June 2021.

FUND RAISING ACTIVITIES OF THE COMPANY UNDER GENERAL MANDATE

The Group did not have any fund raising activities under general mandate for the six months ended 30 June 2021.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at 30 June 2021, so far as is known to the Directors of the Company, the following persons (other than a Director and the chief executive of the Company) had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in the ordinary shares of HK\$0.005 each of the Company

Name of the Shareholders	Type of interest	Number of shares	Number of underlying shares	Total number of shares and underlying shares	Approximate percentage of issued share capital
Shiny Valour Limited <i>(Note 1)</i>	Beneficial	152,000,000	-	152,000,000	5.01%
Yao Yi Yi <i>(Note 1)</i>	Interest of a controlled corporation	152,000,000	-	152,000,000	5.01%
Glory Wealth Development Holding Limited <i>(Note 2)</i>	Beneficial	797,555,072	-	797,555,072	26.31%
Zhang Pan <i>(Note 2)</i>	Interest of a controlled corporation	797,555,072	-	797,555,072	26.31%
Tai Quan Enterprises Limited <i>(Note 3)</i>	Beneficial	-	242,424,242	242,424,242	8.00%
Extreme Rich Corporate Development Limited <i>(Note 4)</i>	Beneficial	-	242,424,242	242,424,242	8.00%

Notes:

- Shiny Valour Limited is wholly owned by Yao Yi Yi who is deemed to be interested in the shares.
- Glory Wealth Development Holding Limited is wholly owned by Zhang Pan who is deemed to be interested in the shares.
- These are underlying shares to be issued pursuant to convertible bonds issued in 2017 for the acquisition of Affluent Grand Limited. Please refer to the section headed "Litigation" above for details. Tai Quan Enterprises Limited is wholly owned by Zhao Xin who is deemed to be interested in the shares.
- These are underlying shares to be issued pursuant to convertible bonds issued in 2017 for the acquisition of Affluent Grand Limited. Please refer to the section headed "Litigation" above for details. Extreme Rich Corporate Development Limited is wholly owned by Ren Wei who is deemed to be interested in the shares.



Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other person (other than the Directors or the chief executive of the Company) who had, or was deemed to have interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

SHARE OPTION SCHEME

The Company adopted a new share option scheme on 16 June 2017 (“the Scheme”), which became effective for a period of 10 years commencing on 16 June 2017. Under the Scheme, the Directors of the Company may at their discretion grant options to any eligible person to subscribe for the shares of the Company (“Share”) at the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant; (ii) the average closing price of the Share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share. The offer of a grant of option shall remain open for acceptance within 28 days from the date of offer. A nominal consideration of HK\$1 is payable on acceptance of the grant of the option. The exercise period of the option must not be more than 10 years from the date of grant of the option.

The Company operates the Scheme for the purpose of advancing the interests of the Company and its shareholders by enabling the Company to grant options to attract, retain and reward any eligible persons which include any director of the Group, any employee of the Group, any consultant, adviser, agent, supplier, customer, business partner or shareholder of the Group for their contribution or potential contribution to the Group.



The total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes in force from time to time must not in aggregate exceed 30% of the Shares in issue from time to time.

The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of the passing of the relevant resolution adoption the Scheme.

As at 30 June 2021, no share options were outstanding.

COMPETING INTERESTS

The Directors of the Company are not aware of, as at 30 June 2021, any business or interests of each Directors of the Company, management shareholders and the respective associates (as defined in the GEM Listing Rules) of each that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and the code provisions (the "Code") as set out in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules. In the opinion of the Board, save as disclosed below, the Company has complied with the Code for the period ended 30 June 2021.

Code Provision A.2.1 provides that the roles of the chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual. As of the date of this report, the Company has not appointed a chairman and a CEO and the roles and functions of the chairman and CEO have been performed by all executive Directors collectively.



According to E.1.2 of the Code, the chairman of the board of directors should attend the annual general meeting. The Company has not yet appoint the chairman, the annual general meeting held on 5 May 2021 was chaired by an executive Director.

Following the resignation of Mr. Cheng Wing Tsan and Mr. Chan Kim Fai as executive Director and independent non-executive Director with effect from 1 April 2021, (i) the number of independent non-executive Directors falls below one-third of the Board as required under Rule 5.05A of the GEM Listing Rules; (ii) no independent non-executive Director has appropriate professional qualifications or accounting or related financial management expertise as required in Rule 5.05 (2); (iii) the number of independent non-executive Directors falls below the minimum number required under Rule 5.05 of the GEM Listing Rules; (iv) the number of members of the audit committee of the Board falls below the minimum number requirement; and the audit committee has not been chaired by an independent non-executive Director as required under Rule 5.28 of the GEM Listing Rules; and (v) the remuneration committee has not been chaired by an independent non-executive Director as required under Rule 5.34 of the GEM Listing Rules. The Company has failed to appoint an appropriate person to fulfill the requirements under the GEM Listing Rules within 3 months.

Code Provisions A.4.1 and A.4.2 of the Code provides that non-executive directors should be appointed for a specific term, subject to re-election and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Save as Mr. Xu Jingan, all the non-executive Directors (including independent non-executive Directors) have been appointed for a term of three years. Mr. Xu Jingan has not been appointed for a specific term but he is subject to retirement by rotation once every three (3) years in accordance with the Articles.

AUDIT COMMITTEE

The audit committee has been established since July 2000 with defined terms of reference, which are of no less exacting terms than those set out in the Corporate Governance Code of the GEM Listing Rules, to review the Group's financial reporting, internal controls, and corporate governance and risk management matters and to make relevant recommendations to the Board.



The audit committee comprises two Independent Non-executive Directors of the Company, namely, Mr. Xu Jingan and Mr. Chang Jun. The Group's unaudited results for the six months ended 30 June 2021 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with applicable accounting standards and requirements and that adequate disclosures have been made.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

By order of the Board
CHINA FORTUNE INVESTMENTS (HOLDING) LIMITED
Wong Chi Ho
Executive Director

Hong Kong, 13 August 2021

As at the date of this report, the Board comprises five executive Directors, namely Mr. Zhou Dengchao, Ms. Pan Xuemei, Mr. Cheng Chun Tak, Mr. Stephen William Frostick and Mr. Wong Chi Ho, one non-executive Director, namely Mr. Huang Shenglan and two independent non-executive Directors, namely Mr. Chang Jun and Mr. Xu Jingan.

This report will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for 7 days from the date of its posting and on the website of the Company.