



華億金控集團有限公司

SINOFORTUNE FINANCIAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 08123)



**INTERIM
REPORT**

2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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\$20,500,000 for the six months ended 30 June 2024.

Loss for the six months ended 30 June 2024 was approximately HK\$12,982,000.

Loss attributable to owners of the Company for the six months ended 30 June 2024 amounted to approximately HK\$12,973,000.

Basic loss per share was 0.17 HK cent.

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2024.



Interim Results (Unaudited)

The board of Directors of the Company (the "Board") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2024 together with the comparative unaudited figures for the six months ended 30 June 2023.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	3	20,500	83,380
Other income and gains/(losses), net	5	120	1,696
Changes in inventories of finished goods		(19,549)	(82,372)
Other direct costs		(26)	(44)
Employee benefit expenses		(6,522)	(7,048)
Depreciation of property, plant and equipment		(920)	(957)
Depreciation of right-of-use assets		(282)	(293)
Finance costs	6	(1,734)	(1,242)
Other expenses		(4,598)	(6,724)
Loss before income tax		(13,011)	(13,604)
Income tax credit	7	29	–
Loss for the period		(12,982)	(13,604)



		Six months ended 30 June 2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
	Note		
Other comprehensive loss			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(3,080)	(5,149)
Other comprehensive loss for the period, net of tax		(3,080)	(5,149)
Total comprehensive loss for the period		(16,062)	(18,753)
Loss for the period attributable to:			
Owners of the Company		(12,973)	(13,598)
Non-controlling interests		(9)	(6)
		(12,982)	(13,604)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(16,049)	(18,739)
Non-controlling interests		(13)	(14)
		(16,062)	(18,753)

		Six months ended 30 June 2024 HK cent (unaudited)	2023 HK cent (unaudited)
Loss per share attributable to owners of the Company for the period			
Basic loss per share	8	(0.17)	(0.18)
Diluted loss per share		N/A	N/A

Condensed Consolidated Statement of Financial Position

At 30 June 2024

	Notes	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	19,832	20,810
Right-of-use assets		690	993
Statutory deposits and other assets		405	405
Interests in associates		76	78
Financial assets at fair value through profit or loss	10	110	113
Rental and other deposits paid	12	1,495	1,531
		22,608	23,930
Current assets			
Inventories		37	38
Trade receivables	11	1,129	340
Financial assets at fair value through profit or loss	10	38	16,708
Prepayments, deposits and other receivables	12	178,637	178,433
Bank balances and cash – trust accounts		5,139	5,276
Bank balances and cash – general accounts		25,546	19,554
		210,526	220,349
Current liabilities			
Trade payables	13	6,712	5,457
Other payables and accruals		3,005	2,593
Contract liabilities	14	77,212	73,393
Provisions	15	11,121	11,390
Other borrowings	16	30,000	30,000
Lease liabilities		467	580
		128,517	123,413



	Note	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Net current assets		82,009	96,936
Total assets less current liabilities		104,617	120,866
Non-current liabilities			
Lease liabilities		260	448
Deferred tax liabilities		2,200	2,199
		2,460	2,647
Net assets		102,157	118,219
Capital and reserves			
Share capital	17	77,489	77,489
Reserves		24,514	40,563
Equity attributable to owners of the Company		102,003	118,052
Non-controlling interests		154	167
Total equity		102,157	118,219

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Statutory reserve	Translation reserve	Accumulated losses		
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Balance at 1 January 2023 (audited)	77,489	1,673,299	4,779	3,912	(17,645)	(1,604,616)	137,218	137,409
Loss for the period	-	-	-	-	-	(13,598)	(6)	(13,604)
Other comprehensive loss for the period	-	-	-	-	(5,141)	-	(5,141)	(5,149)
Total comprehensive loss for the period	-	-	-	-	(5,141)	(13,598)	(14)	(18,753)
Balance at 30 June 2023 (unaudited)	77,489	1,673,299	4,779	3,912	(22,786)	(1,618,214)	177	118,656
Balance at 1 January 2024 (audited)	77,489	1,673,299	4,779	3,912	(21,034)	(1,620,393)	167	118,219
Loss for the period	-	-	-	-	-	(12,973)	(9)	(12,982)
Other comprehensive loss for the period	-	-	-	-	(3,076)	-	(4)	(3,080)
Total comprehensive loss for the period	-	-	-	-	(3,076)	(12,973)	(13)	(16,062)
Balance at 30 June 2024 (unaudited)	77,489	1,673,299	4,779	3,912	(24,110)	(1,633,366)	154	102,157

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash generated from/(used in) operating activities	7,728	(5,087)
Net cash used in investing activities	(23)	(79)
Net cash used in financing activities	(1,713)	(1,206)
Net increase/(decrease) in cash and cash equivalents	5,992	(6,372)
Cash and cash equivalents at the beginning of period	19,554	32,986
Cash and cash equivalents at the end of period	25,546	26,614
Cash and cash equivalents include the following for the purposes of the condensed consolidated statement of cash flows:		
Bank balances and cash	30,686	31,910
Bank balances and cash – trust accounts	(5,140)	(5,296)
Cash and cash equivalents	25,546	26,614

Note to Unaudited Condensed Consolidated Financial Statements

1. General Information

Sinofortune Financial Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The Company’s registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal place of business is situated at 16th Floor, CMA Building, No. 64-66 Connaught Road Central, Hong Kong.

In the opinion of the directors of the Company, the ultimate controlling party of the Company is Mr. Wang Jiawei, the Chairman and executive director of the Company.

The Company’s shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Group, comprising the Company and its subsidiaries, is principally engaged in (i) trading of motor vehicles, provision of agency services and accessories sourcing in the People’s Republic of China (“PRC”), excluding Hong Kong, (ii) trading of listed securities in Hong Kong, and (iii) provision of securities and futures contracts trading services in Hong Kong.

The functional currency of the Company is Hong Kong dollar (“HK\$”). The unaudited condensed consolidated financial statements are presented in Hong Kong dollars as management of the Company considered it is more beneficial to users of the unaudited condensed consolidated financial statements. All values stated in these unaudited condensed consolidated financial statements are rounded to the nearest thousands Hong Kong dollars (HK\$’000), unless otherwise stated. These unaudited condensed consolidated financial statements have been approved and authorised for issue by the Board of Directors on 29 August 2024.



2. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants. For the purpose of preparation of the unaudited condensed consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules") and by the Hong Kong Companies Ordinance.

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

The material accounting policies applied in the preparation of these unaudited condensed consolidated financial statements are consistent with those applied for the consolidated financial statements of the Group for the year ended 31 December 2023.

The accounting policies adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendment to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the unaudited condensed consolidated financial statements.

3. Revenue

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines for the period is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Trading of motor vehicles where the Group acts as principal	19,715	82,780
Agency and service fees income from accessories sourcing	628	390
Commission income from securities and futures brokerage services	152	203
	20,495	83,373
Revenue from other sources		
Interest income from securities and futures brokerage services	5	7
Total revenue	20,500	83,380
Disaggregated by timing of revenue recognition within the scope of HKFRS 15		
Over time	–	–
At a point in time	20,495	83,373
	20,495	83,373



4. Segment Information

The executive directors of the Company (the "Executive Directors") are regarded as the chief operating decision-maker. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Operating segments were determined based on these reports.

Specifically, the Group's reportable segments are as follows:

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

The following is an analysis of the Group's revenue and results by reportable segments for the six months ended 30 June 2024:

	Trading of motor vehicles, provision of agency services and accessories sourcing HK\$'000 (unaudited)	Trading of listed securities HK\$'000 (unaudited)	Brokerage and securities margin financing services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue				
External sales	20,343	–	157	20,500
Inter-segment sales	–	–	–	–
	20,343	–	157	20,500
Segment loss	(1,739)	(80)	(1,698)	(3,517)
Interest income				11
Other income and gains, net				188
Unallocated expenses				(7,959)
Finance costs				(1,734)
Loss before income tax				(13,011)
Income tax credit				29
Loss for the period				(12,982)

The following is an analysis of the Group's revenue and results by reportable segments for the six months ended 30 June 2023:

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



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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from external customers		
The PRC, excluding Hong Kong	20,343	83,170
Hong Kong	157	210
	20,500	83,380

5. Other Income and Gains/(Losses), Net

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Other income		
CCASS fee income	–	7
Handling fee income	5	4
Interest income from bank deposits	43	136
Dividends from financial assets at fair value through profit or loss	–	100
Sundry income	109	1,270
	157	1,517
Other gains and losses		
Exchange gains, net	76	–
Loss on disposal of financial assets at fair value through profit or loss	–	–
– Listed equity securities	(77)	–
– Unlisted fund investment	(60)	–
Fair value gain on financial assets at fair value through profit or loss	–	–
– Listed equity securities	24	179
Other (losses)/gains, net	(37)	179
Other income and gains/(losses), net	120	1,696

6. Finance Costs

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on other borrowings	1,713	1,206
Interest on lease liabilities	21	36
	1,734	1,242

7. Income Tax Credit

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
– Over provision of PRC enterprise income tax in prior years	29	–

No provision for Hong Kong profits tax and PRC enterprise income tax has been made in the unaudited condensed consolidated financial statements as the group companies incurred tax losses for both of the periods presented.



8. 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	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Loss for the purpose of basic loss per share		
Loss for the period attributable to owners of the Company	(12,973)	(13,598)

	Six months ended 30 June	
	2024 '000 (unaudited)	2023 '000 (unaudited)
Number of shares for the purpose of basic loss per share		
Number of ordinary shares in issue at beginning and end of the period	7,748,958	7,748,958

(b) Diluted loss per share

No diluted loss per share for the six months ended 30 June 2024 and six months ended 30 June 2023 are presented as there were no potential ordinary shares in issue during both of these periods.

9. Property, Plant and Equipment

During the six months ended 30 June 2024, the Group acquired property, plant and equipment amounted to approximately HK\$23,000 (Six months ended 30 June 2023: approximately HK\$79,000).

10. Financial Assets at Fair Value Through Profit or Loss

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Fair value:		
Equity securities listed in Hong Kong	38	819
Unlisted equity investment	110	113
Unlisted fund investment (Note(a))	–	15,889
	148	16,821
Analysed for reporting as:		
Non-current assets	110	113
Current assets	38	16,708
	148	16,821

Notes:

- (a) In 2023, the Group subscribed approximately 14,528,000 units of an unlisted PRC investment fund for a total consideration of RMB14,258,000 (equivalent to approximately HK\$15,949,000) at a price of RMB1 per unit. The investment fund, which was principally engaged in investment in bank deposits, bond repurchases, central bank bills, interbank certificates of deposits and bonds, is managed by the PRC fund manager, being an entity related to a bank in the PRC. The Group's investment in unlisted investments fund was recognised as financial assets at fair value through profit or loss in the unaudited condensed consolidated financial statements.

During the reporting period, the Group redeemed its interest in investment fund for the consideration which approximates the Group's carrying amount of the investment fund as at that date.

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



11. Trade Receivables

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Trade receivables arising from securities brokerage business:		
– Margin clients	–	40
– Cash clients	138	60
– Hong Kong Securities Clearing Company Limited ("HKSCC") (net)	–	20
	138	120
Trade receivables arising from trading of motor vehicles	991	220
	1,129	340

Receivables arising from cash clients and HKSCC

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

Receivables from trading of motor vehicles

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 2024 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 impairment allowance on the receivables is not considered necessary in respect of loss allowance of these balances were immaterial.

The following is an aged analysis of trade receivables arising from trading of motor vehicles based on invoice dates and net off loss allowance at the reporting period:

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Over 365 days	991	220

The maximum exposure to credit risk at the end of reporting period is the carrying amounts of trade receivables.



12. Prepayments, Deposits and Other Receivables

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Deposits paid for acquisition of motor vehicles for resale	172,213	173,945
Advance payment for acquisition of a property	1,495	1,531
Other deposits and prepayments	3,423	603
Total deposits and prepayments	177,131	176,079
Other receivables		
Value added tax recoverable	419	442
Sundry receivables	2,582	3,443
Total other receivables	3,001	3,885
	180,132	179,964
Analysed for reporting as:		
Non-current assets	1,495	1,531
Current assets	178,637	178,433
	180,132	179,964

13. Trade Payables

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Payables arising from securities brokerage business:		
– Margin clients	354	87
– Cash clients	6,194	5,364
– HKSCC (net)	158	–
Other trade payables	6	6
	6,712	5,457

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.

The following is an aged analysis arising from other trade payables based on invoice dates at the end of reporting period:

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Over 365 days	6	6



14. Contract Liabilities

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Advance payments from customers	77,212	73,393

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

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

The Group receives payment from customers based on the billing schedules as stated in contracts. Advance payments are usually received in accordance with the contracts for trading of motor vehicles.

15. Provisions

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Provision for loss on onerous contracts	11,121	11,390

As at 30 June 2024, provision for an onerous contracts 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.

16. Other Borrowings

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Secured other borrowings	30,000	30,000

Notes:

- (i) The maturity of the other borrowings are as follows:

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
On demand or within one year	30,000	30,000

- (ii) The other borrowings at 30 June 2024 and 31 December 2023 are secured by the charge over the Group's leasehold land and building and corporate guarantees executed by the Company. These other borrowings are denominated in HK\$, carried interest ranged from 11.00% to 12.00% per annum and are wholly repayable in October 2024.

17. Share Capital and Premium

	Number of issued shares '000	Ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 January 2024 (audited) and 30 June 2024 (unaudited)	7,748,958	77,489	1,673,299	1,750,788

The authorised ordinary shares of the Company comprise 10,000,000,000 shares (31 December 2023: 10,000,000,000 shares) with a par value of HK\$0.01 per share (31 December 2023: HK\$0.01 per share). All issued shares are fully paid.

18. Dividends

The directors of the Company do not recommend any payment of a dividend in respect for the six months ended 30 June 2024 (Six months ended 30 June 2023: Nil).



Events After the Reporting Period

On 9 July 2024, the Company and certain third parties entered into an agreement, pursuant to which certain third parties have agreed to acquire 100% equity interests of Sinofortune Financial Holdings (BVI) Limited (the “Sinofortune BVI”), a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands, at a cash consideration of HK\$4,000,000 plus net assets value of Sinofortune BVI and its subsidiaries at the completion date of the disposal. Sinofortune BVI and its subsidiaries are principally engaged in the businesses of dealing in securities and futures contracts, advising on securities and corporate finance and asset management under the licences issued by the SFC to carry on types 1, 2, 4, 6 and 9 regulated activities under the SFO. Completion of the disposal of the subsidiaries has taken place on 9 July 2024.

Details of the transaction are set out in the Company’s announcement dated 9 July 2024.

Business Review

The Group recorded revenue of approximately HK\$20.50 million and a loss of approximately HK\$13.00 million for the six months ended 30 June 2024, compared with the revenue of approximately HK\$83.38 million and the loss of approximately HK\$13.60 million for the same period in 2023, the revenue has decreased by approximately HK\$62.88 million and the loss almost the same. As disclosed in the Company’s announcement dated 15 August 2024, the reason for the loss for the period ended 30 June 2024 which was due to the decrease in sales and revenue and the increase in the finance costs in various business segments. Although the Group was benefited from the tax relief provided from the PRC government authorities on the sales of the imported motor vehicles, the Group still recorded a loss in this business segment.

For the period ended 30 June 2024, the Group recorded the revenue of trading of motor vehicles where the Group acts as principal approximately HK\$19.72 million and agency and service fees income from accessories sourcing approximately HK\$0.63 million. Approximately HK\$82.78 million and approximately HK\$0.39 million were recorded respectively for the revenue of trading of motor vehicles where the Group acts as principal and an agency and services fees income from accessories sourcing for the period ended 30 June 2023.

The Group invested in the new medicine development market in the PRC, the limited partnership of the Group co-operates with its business partner in the joint development of four new medicines in the treatment of lymphoma, cell tumors, colorectal cancer and multidrug-resistant tuberculosis. As at 30 June 2024, one of the new medicines has entered into the phase II of clinical trial and the others are still in the researching stage.

For trading of listed securities, the Group recorded an unrealised gain of approximately HK\$24,000 and a realised loss of approximately HK\$77,000 for the period under review.

Given that the performances of the businesses of Sinofortune Securities Limited, Sinofortune Financial Capital Limited and Sinofortune Asset Management Limited have not been satisfactory and have been continuously operating at a loss for the past few years. On 9 July 2024, the Company and four purchasers entered into a conditional sale and purchase agreement in relation to a disposal of the entire issued share capital of Sinofortune BVI by the Company to the four purchasers in the consideration of HK\$4.00 million plus the net assets value of Sinofortune BVI and its subsidiaries. Sinofortune BVI has three wholly-owned subsidiaries of namely Sinofortune Securities Limited, Sinofortune Financial Capital Limited and Sinofortune Asset Management Limited.

The Directors regarded that the disposal is a good opportunity to dispose of its non-profitable business and the Company would then diversify and reallocate its resources to the Group's other segments with the hope that it would enhance the Company's performance.

Financial Review

The Group recorded an unaudited revenue of approximately HK\$20.50 million for the six months ended 30 June 2024 as compared to the revenue approximately HK\$83.38 million for the corresponding period in 2023, there was a decrease of approximately HK\$62.88 million or 75.4%. The decrease in revenue was mainly due to the decrease in the trading of motor vehicles and provision of agency services business which operated in the PRC.

The segment of trading of motor vehicles and provision of agency services recorded revenue of approximately HK\$20.34 million for the six months ended 30 June 2024 and it recorded revenue of approximately HK\$83.17 million for the corresponding period last year. The Group expects the business performance under the segment of trading of motor vehicles will be improved if more Group's duty-free car business in Hainan province can be offered for sale in the PRC.



The segment of provision of securities and futures contracts trading services recorded revenue of approximately HK\$0.16 million for six months ended 30 June 2024 and it recorded revenue of approximately HK\$0.21 million for the corresponding period last year. In July 2024, the Group disposed of its segment and thereby discontinued this segment of the Group.

The Group recorded an unaudited loss for the six months ended 30 June 2024 of approximately HK\$12.98 million compared with an unaudited loss of approximately HK\$13.60 million for the corresponding period last year. The basic loss per share attributable to owners for the Company for the reporting period with approximately HK\$0.17 cent compared to the basic loss per share attributable to owners approximately HK\$0.18 cent for the same period last year.

Outlook

As at 30 June 2024, almost 99% revenue of the Group came from the segment of trading of motor vehicles, provision of agency services and accessories sourcing in the PRC. Although the motor vehicles business of the Group is affected by the outbreak of COVID-19 pandemic, the uncertainty created by the ongoing Sino-US trade war and the impact of the PRC government policy, the Group will closely monitor the business environment and the change of the PRC government policy in order to make appropriate business strategies.

As disclosed in the announcement of the Company dated 7 March 2022, due to the change of government policy in the PRC on the China 6 Standard imported motor vehicles, the PRC government requires the parallel importers of motor vehicles to obtain certification administered by the Ministry of Ecology and Environment of the PRC ("EE Certificate") for China 6 Standard imported motor vehicles before offering the same for sale in the PRC. As at 30 June 2024, the Group obtained EE Certificate for six types of China 6 Standard imported motor vehicles, and the others are still in the certification process. The Group has been closely monitoring the certification process for their China 6 Standard imported motor vehicles.

Furthermore, it is noted that over the past few years, there was continuously decrease in demand on the petrol vehicles and the increase in popularity in using the new energy vehicles in many countries and the Company is adopting this trend as the Group's strategic development direction in the coming year. It is estimated that the demand for petrol vehicles will be shrink further and the profit margin will be lower as a result of the keen competition in price. The Company is in the process of negotiating with the dealers with the aim to launch more new energy vehicles to the PRC market and to promote the duty-free car business in Hainan province. The Company is still optimistic to this business segments and hope that the launch of the new energy vehicles can booster the sale volume and improve the business performance of this business segment.

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 2024, 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 122 customers and with 44 customers in the progress of negotiation. Sheng Yu Hong Jia will strive to increase more customers to reduce the level of reliance in the future.

The PRC has been reforming the regulatory landscape in the pharmaceutical industry leading it has a steady growth in the past few years, especially for major new medicines development like the promotion of more lifesaving and safe medicines to be listed and included in medical insurance. Therefore, the Company will continue to pay attention to the new medicine development market in the PRC in order to diversify the business of the Group.

The Group will continue to develop other businesses and seek opportunities to expand its revenue sources to enhance the Group's revenue.



Liquidity and Financial Resources

The Group's current assets as at 30 June 2024 amounted to approximately HK\$210.53 million (31 December 2023: approximately HK\$220.35 million) and the liquidity of the Group, as demonstrated by the current ratio (current assets over current liabilities) was 1.6 times (31 December 2023: 1.8 times). Among them, the financial assets at fair value through profit or loss were approximately HK\$0.04 million (31 December 2023: approximately HK\$0.82 million) which invested in the equity securities listed in Hong Kong. As at 30 June 2024, the Group's bank balances and cash amounted to approximately HK\$30.69 million (31 December 2023: approximately HK\$24.83 million) of which approximately HK\$5.14 million (31 December 2023: approximately HK\$5.28 million) were held on behalf of clients in trust and segregated accounts.

As at 30 June 2024, the Group's total other borrowings amounted to HK\$30 million (31 December 2023: HK\$30 million), which wholly repayable in October 2024. That borrowings were secured by charges over the Group's leasehold land and buildings as well as corporate guarantee issued by the Company. The gearing ratio of the Group as at 30 June 2024 (calculated by the total liabilities of approximately HK\$130.98 million over equity attributable to the owners of the Company of approximately HK\$102.00 million) is 128.4% (31 December 2023: 106.8%).

The equity attributable to owner of the Company amounted to approximately HK\$102.00 million as at 30 June 2024, representing a decrease of approximately HK\$16.05 million, or 13.6% from that of 31 December 2023.

Share Capital

As at 30 June 2024, the authorized share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each and the issued share capital of the Company was approximately HK\$77,489,581 divided into 7,748,958,120 shares of HK\$0.01 each.

Foreign Exchange Exposure

The Group manages the foreign exchange exposure arising from its normal course of business activities and investment in foreign operations by funding its local operations and investments through cash flow generated from business transaction locally. As at 30 June 2024, the Group did not have any material unhedged foreign exchange exposure of interest rate mismatch.



Employee Information

As at 30 June 2024, the Group had a workforce of 46 employees (31 December 2023: 46). The total staff costs, including directors' emoluments, amounted to approximately HK\$6.52 million for the period ended 30 June 2024 (30 June 2023: approximately HK\$7.05 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, mandatory provident fund, medical benefits and discretionary bonus.

Charges on Assets

As at 30 June 2024, leasehold land and buildings of the Group with a carrying amount of approximately HK\$18.69 million (31 December 2023: approximately HK\$19.50 million) were pledged for credit facilities granting to the Group.

Contingent Liabilities

As at 30 June 2024 and 31 December 2023, the Group did not have any contingent liabilities.

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

Disposal of Sinofortune BVI, Sinofortune Securities Limited, Sinofortune Financial Capital Limited and Sinofortune Asset Management Limited

On 9 July 2024, the Company and four purchasers (Xiang Ying, Lan Shili, Shan Chuanlong and Li Chao) entered into a conditional sale and purchase agreement in respect of the disposal of 100% equity interest in Sinofortune BVI in the consideration of HK\$4.00 million plus the net assets value of Sinofortune BVI and its subsidiaries as shown in the completion accounts of no less than HK\$8.25 million. Sinofortune BVI is a holding company with three wholly-owned subsidiaries, namely Sinofortune Securities Limited, Sinofortune Financial Capital Limited and Sinofortune Asset Management Limited. For more details, please refer to the announcement of the Company dated 9 July 2024.



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

As at 30 June 2024, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares of the Company

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

Save as disclosed above, as at 30 June 2024, none of the Directors or the chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

(a) Long Positions in Shares of the Company

As at 30 June 2024, 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 2024, the Company had not been notified of any person (other than the Directors whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above) who had an interest or short position in the shares or underlying shares of the Company and was required to be recorded in the register required to be kept under Section 336 of the SFO and/or was directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

Directors' Interest in Competing Business

As at 30 June 2024, the Directors were not aware of any business or interest of each Director, controlling shareholder (as defined in the GEM Listing Rules) and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

Purchase, Sale or Redemption of Listed Securities

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.



Compliance with Code on Corporate Governance Practice

The Company has applied the principles and has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the period under review, save and except for the following deviation.

Code Provision C.2.1

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

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

Directors' Securities Transactions

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

Audit Committee

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

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



The audit committee has reviewed the financial statements of the Group for the six months ended 30 June 2024 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, 29 August 2024

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 Benzheng, Mr. Li Jianxing, Professor Chen Shu Wen and Mr. Lee Kwun Kwan.

