

**Third  
Quarterly  
Report**  
**2020**



**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)**

## **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\$53,842,000 for the nine months ended 30 September 2020.

Loss for the nine months ended 30 September 2020 was approximately HK\$16,573,000.

Loss attributable to owners of the Company for the nine months ended 30 September 2020 amounted to approximately HK\$16,480,000.

Basic loss per share was 0.21 HK cents and diluted loss per share was 0.21 HK cents.

The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2020.

## Third Quarterly Results (Unaudited)

The board of Directors of the Company (the “Board”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the nine months ended 30 September 2020 together with the comparative unaudited figures for the corresponding period in 2019.

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

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Continuing operations</b>					
Revenue	3	2,502	95,438	53,842	223,383
Other income and loss, net	4	1,143	7,443	3,805	2,006
Changes in inventories of finished goods		(360)	(117,923)	(48,443)	(254,202)
Other direct costs		(149)	(17)	(271)	(63)
Employee benefits expenses		(3,987)	(5,170)	(14,212)	(14,925)
Depreciation of property, plant and equipment		(555)	(587)	(1,727)	(1,747)
Depreciation of right-of-use assets		(28)	(896)	(128)	(2,764)
Amortisation of intangible assets		(8)	(7)	(24)	(55)
Provision for loss on onerous contracts reversed/(recognised)		-	17,065	-	(16,744)
Gain on lease termination		-	-	35	-
Gain on lease modification		661	-	661	-
Finance costs		(33)	(308)	(160)	(708)
Other operating expenses		(4,071)	(5,178)	(9,951)	(15,574)
Loss before income tax		(4,885)	(10,140)	(16,573)	(81,393)
Income tax expense	5	-	-	-	-
Loss for the period from continuing operations		(4,885)	(10,140)	(16,573)	(81,393)
Loss for the period from discontinued operations		-	(4,635)	-	(6,208)

Notes	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Loss for the period</b>	<b>(4,885)</b>	(14,775)	<b>(16,573)</b>	(87,601)
<b>Other comprehensive income/(loss):</b>				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange difference on translation of foreign operations	<b>7,018</b>	(6,835)	<b>2,908</b>	(6,110)
Other comprehensive income/(loss) for the period, net of tax	<b>7,018</b>	(6,835)	<b>2,908</b>	(6,110)
Total comprehensive income/ (loss) for the period	<b>2,133</b>	(21,610)	<b>(13,665)</b>	(93,711)
<b>Loss for the period attributable to:</b>				
Owners of the Company	<b>(4,883)</b>	(14,124)	<b>(16,480)</b>	(83,548)
Non-controlling interests	<b>(2)</b>	(651)	<b>(93)</b>	(4,053)
	<b>(4,885)</b>	(14,775)	<b>(16,573)</b>	(87,601)
<b>Total comprehensive income/(loss) for the period attributable to:</b>				
Owners of the Company	<b>2,298</b>	(20,967)	<b>(14,295)</b>	(89,723)
Non-controlling interests	<b>(165)</b>	(643)	<b>630</b>	(3,988)
	<b>2,133</b>	(21,610)	<b>(13,665)</b>	(93,711)

Notes	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
<b>Loss per share attributable to owners of the Company for the period:</b>				
Basic loss per share ( <i>HK cents</i> )	6			
From continuing and discontinued operations	(0.063)	(0.207)	(0.213)	(1.240)
From continuing operations	(0.063)	(0.141)	(0.213)	(1.151)
Diluted loss per share ( <i>HK cents</i> )	6			
From continuing and discontinued operations	(0.063)	(0.207)	(0.213)	(1.240)
From continuing operations	(0.063)	(0.141)	(0.213)	(1.151)

# Condensed Consolidated Statements of Changes in Equity

For the nine months ended 30 September 2020

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Statutory reserve	Translation reserve	Share-based compensation reserve	Accumulated losses	Total		
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)		
Balance as at 1 January 2019	77,489	1,673,299	4,779	3,912	(22,296)	30,554	(1,403,119)	364,618	13,557	378,175
Impact on initial application of HKFRS 16	-	-	-	-	-	-	(94)	(94)	-	(94)
Restated opening balance at 1 January 2019 under HKFRS 16	77,489	1,673,299	4,779	3,912	(22,296)	30,554	(1,403,213)	364,524	13,557	378,081
Loss for the period	-	-	-	-	-	-	(83,548)	(83,548)	(4,053)	(87,601)
Other comprehensive (loss)/income for the period	-	-	-	-	(6,175)	-	-	(6,175)	65	(6,110)
Balance as at 30 September 2019	77,489	1,673,299	4,779	3,912	(28,471)	30,554	(1,486,761)	274,801	9,569	284,370
Balance as 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	-	-	-	-	-	-	(16,480)	(16,480)	(93)	(16,573)
Other comprehensive income for the period	-	-	-	-	2,185	-	-	2,185	723	2,908
Transaction with non-controlling interests	-	-	-	-	-	-	(182)	(182)	(7,804)	(7,986)
Balance as at 30 September 2020	77,489	1,673,299	4,779	3,912	(18,415)	21,624	(1,538,617)	224,071	254	224,325

Notes:

## 1. General Information

Sinofortune Financial Holdings Limited (the “Company”) and its subsidiaries (are referred to the “Group”) are principally engaged in (i) provision of the precious metals spot trading and brokerage services in the People’s Republic of China (“PRC”), (ii) provision of securities and futures contracts trading services in Hong Kong, (iii) trading and principal investments in the PRC and Hong Kong, and (iv) sales of motor vehicles and provision of agency services in the PRC.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The Company’s shares are listed on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars, while the functional currencies of certain subsidiaries are Renminbi (“RMB”). The Company has selected Hong Kong dollar as its presentation currency as management considered it is more beneficial to the users of the unaudited condensed consolidated financial statements. These unaudited condensed consolidated financial statements have been approved and authorised for issuing by the Board on 9 November 2020.

## 2. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the unaudited condensed consolidated financial statements included applicable disclosures required by the GEM Listing Rules and by the applicable disclosure requirements of the Hong Kong Companies Ordinance.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for the recognition of certain financial assets and financial liabilities 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 2019.



### 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 September		Nine months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>				
Disaggregated by major products or service lines				
- Commission income from securities and futures brokerage services	255	120	618	363
- Spot trading gain on precious metal contracts	80	-	80	-
- Sales of motor vehicles where the Group acts as principal	365	95,061	49,133	221,839
- Agency fee income from trading of motor vehicles and accessories sourcing	1,722	99	3,669	740
	<b>2,422</b>	<b>95,280</b>	<b>53,500</b>	<b>222,942</b>
<b>Revenue from other sources</b>				
- Interest income from clients	80	158	342	441
	<b>2,502</b>	<b>95,438</b>	<b>53,842</b>	<b>223,383</b>
<b>Disaggregated by timing of revenue recognition within the scope of HKFRS 15</b>				
- Over time	-	-	-	-
- At a point in time	2,422	95,280	53,500	222,942
	<b>2,422</b>	<b>95,280</b>	<b>53,500</b>	<b>222,942</b>

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

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Other income</b>				
CCASS fee income	6	3	16	10
Handling fee income	9	10	23	24
Interest income on bank deposits	12	14	51	214
Other interest income	-	2	2	2
Dividend income from securities held for trading	-	1	-	54
Sundry income	1,108	194	3,066	1,229
	<b>1,135</b>	<b>224</b>	<b>3,158</b>	<b>1,533</b>
<b>Other gain or loss, net</b>				
Financial assets at fair value through profit or loss				
- Unrealised fair value gains/(losses) on securities trading	-	6,530	(379)	60
- Realised gains on trading of securities	-	689	-	413
- Fair value gains	8	-	1,026	-
	<b>8</b>	<b>7,219</b>	<b>647</b>	<b>473</b>
	<b>1,143</b>	<b>7,443</b>	<b>3,805</b>	<b>2,006</b>

#### 5. Income Tax Expense

Hong Kong Profits Tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the period. No provision for Hong Kong Profits Tax has been made in the unaudited condensed consolidated financial statements as the group companies that are subject to Hong Kong Profits Tax had incurred a tax losses for the period (2019: Nil).

PRC Enterprise Income Tax has been provided at the rate from 25% (2019: 25%) on the assessable profits of the PRC subsidiaries arising in or derived from PRC for the period. No provision for PRC Enterprise Income Tax has been made in the unaudited condensed consolidated financial statements as the PRC subsidiaries that are subject to PRC Enterprise Income Tax had incurred tax losses for the period (2019: Nil).

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

## 6. Loss Per Share

### From continuing operations

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

	Three months ended 30 September		Nine months ended 30 September	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
<b>Loss</b>				
Loss for the period attributable to owners of the Company <i>(HK\$'000)</i>	<b>(4,883)</b>	(14,124)	<b>(16,480)</b>	(83,548)
Less: Loss for the period from discontinued operations <i>(HK\$'000)</i>	-	(4,635)	-	(6,208)
Loss for the purpose of basic and diluted loss per share from continuing operations <i>(HK\$'000)</i>	<b>(4,883)</b>	(9,489)	<b>(16,480)</b>	(77,340)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share <i>(In thousands)</i>	<b>7,748,958</b>	6,718,821	<b>7,748,958</b>	6,718,821
Basic loss per share <i>(HK Cents)</i>	<b>(0.063)</b>	(0.141)	<b>(0.213)</b>	(1.151)
Diluted loss per share <i>(HK Cents)</i>	<b>(0.063)</b>	(0.141)	<b>(0.213)</b>	(1.151)

### From continuing and discontinued operations

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

	Three months ended 30 September 2020		Nine months ended 30 September 2020	
	HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Loss</b>				
Loss for the purposes of basic and diluted loss per share	(4,883)	(14,124)	(16,480)	(83,548)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

### For discontinued operations in 2019

Basic and diluted loss per share for the discontinued operations was HK\$0.09 cents, based on the loss for the period from the discontinued operations of HK\$6,208,000 and the denominators detailed above for both basic and diluted loss per share.

The computation of diluted loss per share for the period ended 30 September 2020 and 2019, did not assume the exercise of the Company's share options outstanding during the period ended 30 September 2020 and 2019 since their exercise would result in a decrease in loss per share.

## 7. Share Capital and Premium

	Number of issued shares (In thousands)	Ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
As at 1 January 2020 and 30 September 2020	7,748,958	77,489	1,673,299	1,750,788

The total authorised number of ordinary shares is 10,000,000,000 shares (2019: 10,000,000,000 shares) with a par value of HK\$0.01 per share (2019: HK\$0.01 per share). All issued shares are fully paid.

## 8. Dividend

The Directors do not recommend the payment of a dividend for the period ended 30 September 2020 (2019: Nil).

## Business Review

The Group recorded a loss of approximately HK\$16.57 million for the nine months ended 30 September 2020, compared with the loss of approximately HK\$87.60 million for the same period in 2019, it significantly reduced by approximately HK\$71.03 million. As disclosed in the Company's announcement dated 2 November 2020, the loss has significantly reduced mainly due to (i) the loss in the changes in inventories of finished goods has been reduced, and (ii) there was no provision for the onerous contracts for motor vehicles for the nine months ended 30 September 2020.

The Group recorded revenue of approximately HK\$53.84 million in the nine months ended 30 September 2020, which was a decrease of approximately HK\$169.54 million compared with the last corresponding period. This was mainly due to the decrease in business of sales of motor vehicles and provision of relevant agency services in the PRC. Such business recorded approximately HK\$52.80 million for the period ended 30 September 2020 and approximately HK\$222.58 million was recorded for the period ended 30 September 2019.

The performance of the sales of motor vehicles segment has been seriously affected since the outbreak of COVID-19 pandemic, the on-going Sino-US trade war and the change of the PRC government policies. The Group has adjusted its business strategies in order to stimulate the sales and clear the stocks of motor vehicles which including, inter alia, reduced the price on certain models of motor vehicles, focused on promoting the sales on those motor vehicles which could be sold at profit, and controlled the costs of operation in this segment. For the period ended 30 September 2020, the Group recorded the revenue of sales of motor vehicles where the Group acts as principal approximately HK\$49.13 million and an agency fee income from trading of motor vehicles and accessories sourcing approximately HK\$3.67 million. Approximately HK\$221.84 million and approximately HK\$0.74 million were recorded respectively for the revenue of sales of motor vehicles where the Group acts as principal and an agency fee income from trading of motor vehicles and accessories sourcing for the period ended 30 September 2019.

Regarding investment in the new medicine development market in the PRC, the Group co-operates in the joint development of three new medicines through its investment in a limited partnership. As at 30 September 2020, the new medicines in the treatment of lymphoma, cell tumors and colorectal cancer are still in the researching stage.

For proprietary stock trading, the Group recorded an unrealised loss of approximately HK\$0.38 million and no realised gain or loss was recorded for the period under review.

## Financial Review

The Group recorded an unaudited revenue of approximately HK\$53.84 million for the nine months ended 30 September 2020 as compared to approximately HK\$223.38 million for the corresponding period in 2019, there was a decrease of approximately HK\$169.54 million or 75.9%. The decrease in revenue was mainly due to the decrease in business of sales of motor vehicles and provision of agency services which operated in the PRC.

The segment of sales of motor vehicles and provision of agency services recorded revenue of approximately HK\$52.80 million for the nine months ended 30 September 2020 and it recorded approximately HK\$222.58 million of revenue for the last corresponding period. Since January 2020, the outbreak of COVID-19 pandemic has impact on the global business environment, the market conditions and the consumer sentiment of the motor vehicle business, and therefore it led to the sales performance of motor vehicle business of the Group was dropped significantly. The situation has been worsen by the uncertainty resulting from the on-going Sino-US trade war and the change of the PRC government policies.

The Group recorded an unaudited loss for the nine months ended 30 September 2020 of approximately HK\$16.57 million compared with an unaudited loss of approximately HK\$87.60 million for the last corresponding period. The unaudited loss included (i) the unaudited unrealised fair value loss on securities trading for approximately HK\$0.38 million for the nine months ended 30 September 2020 and it recorded unaudited unrealised fair value gain approximately HK\$0.06 million and realised gains approximately HK\$0.41 million for the last corresponding period, and (ii) the unaudited fair value gain on financial assets of approximately HK\$1.03 million and no fair value gain or loss was recorded for the last corresponding period. The basic loss per share attributable to owners for the Company for the reporting period with HK\$0.21 cents compared to HK\$1.24 cents for the same period last year.

The Group's current asset as at 30 September 2020 amounted to approximately HK\$201.45 million and the liquidity of the Group, as demonstrated by the current ratio (current assets over current liabilities) was 4.2 times. The Group's bank balances and cash amounted to approximately HK\$59.15 million as at 30 September 2020 of which approximately HK\$15.34 million were held on behalf of clients in trust and segregated accounts. The total borrowings amounted to approximately HK\$0.74 million which were secured by the charges over the Group's leasehold land and buildings and corporate guarantee issued by the Company. The gearing ratio of the Group as at 30 September 2020 (calculated by the total liabilities of approximately HK\$50.89 million over equity attributable to the owners of the Company of approximately HK\$224.07 million) is 22.7%.

The equity attributable to owner of the Company amounted to approximately HK\$224.07 million as at 30 September 2020, representing a decrease of approximately HK\$14.48 million, or 6.1% from that of 31 December 2019.

## Outlook

As at 30 September 2020, almost 98% revenue of the Group came from the segment of sales of motor vehicles and the provision of agency services 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. Recently, 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. The Group will closely monitor the business environment and the changes of the PRC government policy in order to make appropriate business strategies.

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.

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

As at 30 September 2020, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

<b>Name of Directors</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Approximate percentage of shareholding</b>
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 17 December 2001 (the “Old Share Option Scheme”) has expired on 16 December 2011. The Company adopted a new share option scheme on its annual general meeting held on 21 June 2012 (the “New Share Option Scheme”) which complies with Chapter 23 of GEM Listing Rules.

The following table discloses the details of the share options held by the Directors and chief executive to subscribe for shares of the Company during the period ended 30 September 2020:

Name of Directors	Date of grant	Number of share options					Option period	Exercise price (HK\$)
		Outstanding as at 1 January 2020	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 September 2020		
Lai Yuk Mui	13/04/2010	3,186,158	-	-	-	- (Note 1)	13/04/2010 – 12/04/2020	0.419
Liu Runtong	13/04/2010	31,861,575	-	-	-	- (Note 1)	13/04/2010 – 12/04/2020	0.419
Zhang Benzhen	13/04/2010	2,124,105	-	-	-	- (Note 1)	13/04/2010 – 12/04/2020	0.419

Note:

- (1) The share options have not been exercised during the option period, therefore they have been lapsed on 13 April 2020.

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

**(c) Short positions in underlying shares of the Company**

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

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

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

As at 30 September 2020, 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 September 2020, 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 Old Share Option Scheme has expired on 16 December 2011 and The Company adopted a New Share Option Scheme which complies with Chapter 23 of GEM Listing Rules.

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

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

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

On 13 April 2010, options to subscribe for 84,000,000 shares of the Company were granted to the Directors and certain employees of the Company. As at 30 September 2020, details of the outstanding options were as follows:

Date of grant	Number of share options				Outstanding as at 30 September 2020	Option period	Exercise price (HK\$)
	Outstanding as at 1 January 2020	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period			
13/04/2010	82,840,095 (Note 1)	-	-	-	- (Note 1)	13/04/2010 – 12/04/2020	0.419

Note:

- (1) Pursuant to the Old Share Option Scheme, 84,000,000 shares of share options were granted by the Company on 13 April 2010 and were adjusted on 15 June 2010. The share options have not been exercised during the option period, therefore they have been lapsed on 13 April 2020.

## Directors' Interest in Competing Business

As at 30 September 2020, 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 officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Wang Jiawei is the chairman and chief executive officer of the Company. In view of Mr. Wang has extensive experience in project management and securities investments and is responsible for the overall corporate strategies, planning and business development of the Company. Under the supervision by the Board which is comprised of three independent non-executive Directors and 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 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 Benzheng, Mr. Li Jianxing and Professor Chen Shu Wen.

The audit committee has reviewed the financial statements of the Group for the nine months ended 30 September 2020 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, 9 November 2020

*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 and Professor Chen Shu Wen.*