



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 RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

**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 announcement, 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 announcement 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 announcement misleading.

HIGHLIGHTS

The Group recorded a revenue of approximately HK\$129,960,000 for the six months ended 30 June 2019.

Loss for the six months ended 30 June 2019 was approximately HK\$72,826,000.

Loss attributable to owners of the Company for the six months ended 30 June 2019 amounted to approximately HK\$69,424,000.

Basic loss per share was 1.03 HK cents and diluted loss per share was 1.03 HK cents.

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2019.

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 2019 together with the comparative unaudited figures for the corresponding period in 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Note</i>	Three months ended		Six months ended	
		30 June		30 June	
		2019	2018	2019	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	<i>3</i>	119,937	35,055	129,960	159,153
Other income and loss, net	<i>5</i>	(5,864)	(10,302)	(5,355)	(1,663)
Changes in inventories of finished good		(127,767)	(33,047)	(137,102)	(152,677)
Other direct costs		(24)	(32)	(46)	(93)
Employee benefits expenses		(5,450)	(5,195)	(10,930)	(10,293)
Depreciation of property, plant and equipment		(795)	(897)	(1,315)	(1,851)
Depreciation of right-of-use asset		(925)	–	(1,869)	–
Amortization of intangible assets		(8)	–	(48)	–
Provision for loss on onerous contracts	<i>14</i>	(33,809)	–	(33,809)	–
Finance costs		(133)	(45)	(400)	(92)
Other operating expenses		(7,265)	(4,873)	(11,912)	(12,635)
Loss before income tax		(62,103)	(19,336)	(72,826)	(20,151)
Income tax expense	<i>6</i>	–	–	–	–
Loss for the period		(62,103)	(19,336)	(72,826)	(20,151)

	<i>Note</i>	Three months ended		Six months ended	
		30 June		30 June	
		2019	2018	2019	2018
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive income/					
(loss):					
<i>Items that may be reclassified to</i>					
<i>profit or loss</i>					
Currency translation differences		<u>21</u>	<u>(11,059)</u>	<u>725</u>	<u>(4,894)</u>
Other comprehensive income/(loss)					
for the period, net of tax		<u>21</u>	<u>(11,059)</u>	<u>725</u>	<u>(4,894)</u>
Total comprehensive loss for the					
period		<u>(62,082)</u>	<u>(30,395)</u>	<u>(72,101)</u>	<u>(25,045)</u>
Loss for the period attributable to:					
Owners of the Company		(58,869)	(19,267)	(69,424)	(19,804)
Non-controlling interests		<u>(3,234)</u>	<u>(69)</u>	<u>(3,402)</u>	<u>(347)</u>
		<u>(62,103)</u>	<u>(19,336)</u>	<u>(72,826)</u>	<u>(20,151)</u>
Total comprehensive (loss)/income					
for the period attributable to:					
Owners of the Company		(58,840)	(30,508)	(68,757)	(24,881)
Non-controlling interests		<u>(3,242)</u>	<u>113</u>	<u>(3,344)</u>	<u>(164)</u>
		<u>(62,082)</u>	<u>(30,395)</u>	<u>(72,101)</u>	<u>(25,045)</u>
Loss per share attributable to					
owners of the Company for the					
period:					
<i>Basic loss per share (HK cents)</i>					
From loss for the period	7	<u>(0.873)</u>	<u>(0.304)</u>	<u>(1.033)</u>	<u>(0.314)</u>
<i>Diluted loss per share (HK cents)</i>					
From loss for the period	7	<u>(0.873)</u>	<u>(0.304)</u>	<u>(1.033)</u>	<u>(0.314)</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 30 June 2019 <i>HK\$'000</i> (unaudited)	At 31 December 2018 <i>HK\$'000</i> (audited)
	<i>Note</i>		
Non-current asset			
Property, plant and equipments		29,808	30,027
Intangible assets		19	66
Right-of-use asset		7,223	–
Statutory deposits and other assets		505	505
Interests in associates		–	–
Financial assets at fair value through other comprehensive income	8	10,200	–
Rental and other deposits paid		460	133
		<u>48,215</u>	<u>30,731</u>
Current assets			
Inventories		61,699	59,794
Trade receivables	9	19,896	24,015
Loans and receivables		36,947	6,535
Financial assets at fair value through profit or loss	10	7,825	27,770
Prepayments, deposits and other receivables		98,114	101,933
Bank balances and cash – trust accounts		9,347	8,299
Bank balances and cash – general accounts		101,330	153,054
		<u>335,158</u>	<u>381,400</u>
Total assets		<u>383,373</u>	<u>412,131</u>
Current liabilities			
Trade payables	11	6,779	8,271
Other payables and accruals	12	17,396	15,776
Contract liabilities	13	5,394	2,303
Provision for loss on onerous contracts	14	33,809	–
Borrowings	15	3,445	4,497
Lease liabilities		3,622	–
		<u>70,445</u>	<u>30,847</u>
Net current assets		<u>264,713</u>	<u>350,553</u>
Total assets less current liabilities		<u>312,928</u>	<u>381,284</u>

		At 30 June 2019 <i>HK\$'000</i> (unaudited)	At 31 December 2018 <i>HK\$'000</i> (audited)
	<i>Note</i>		
Non-current liabilities			
Lease liabilities		3,839	–
Deferred income tax liabilities		3,109	3,109
		<u>6,948</u>	<u>3,109</u>
Net assets		<u>305,980</u>	<u>378,175</u>
Capital and reserves			
Share capital	16	77,489	77,489
Share premium	16	1,673,299	1,673,299
Special reserve		4,779	4,779
Statutory reserve		3,912	3,912
Translation reserve		(21,629)	(22,296)
Share-based compensation reserve		30,554	30,554
Accumulated losses		<u>(1,472,637)</u>	<u>(1,403,119)</u>
Equity attributable to owners of the Company		295,767	364,618
Non-controlling interests		<u>10,213</u>	<u>13,557</u>
Total equity		<u>305,980</u>	<u>378,175</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company								Total	Non-controlling interests	Total equity
	Share capital	Share premium	Other reserve	Special reserve	Statutory reserve	Translation reserve	Share-based compensation reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Balance as at 1 January 2018	64,989	1,614,799	(16,000)	4,779	3,912	(9,181)	30,554	(1,371,890)	321,962	14,903	336,865
Loss for the period	-	-	-	-	-	-	-	(19,804)	(19,804)	(347)	(20,151)
Other comprehensive loss for the period	-	-	-	-	-	(4,711)	-	-	(4,711)	(183)	(4,894)
Share retrieval from escrow arrangement	(2,000)	(14,000)	16,000	-	-	-	-	-	-	-	-
Balance as at 30 June 2018	<u>62,989</u>	<u>1,600,799</u>	<u>-</u>	<u>4,779</u>	<u>3,912</u>	<u>(13,892)</u>	<u>30,554</u>	<u>(1,391,694)</u>	<u>297,447</u>	<u>14,373</u>	<u>311,820</u>
Balance as at 1 January 2019 (Reported)	77,489	1,673,299	-	4,779	3,912	(22,296)	30,554	(1,403,213)	364,618	13,557	378,175
Impact on initial application of HKFRS 16	-	-	-	-	-	-	-	(94)	(94)	-	(94)
Restated opening balance under HKFRS 16	<u>77,489</u>	<u>1,673,299</u>	<u>-</u>	<u>4,779</u>	<u>3,912</u>	<u>(22,296)</u>	<u>30,554</u>	<u>(1,403,213)</u>	<u>364,524</u>	<u>13,557</u>	<u>378,081</u>
Loss for the period	-	-	-	-	-	-	-	(69,424)	(69,424)	(3,402)	(72,826)
Other comprehensive income for the period	-	-	-	-	-	667	-	-	667	58	725
Balance as at 30 June 2019	<u>77,489</u>	<u>1,673,299</u>	<u>-</u>	<u>4,779</u>	<u>3,912</u>	<u>(21,629)</u>	<u>30,554</u>	<u>(1,472,637)</u>	<u>295,767</u>	<u>10,213</u>	<u>305,980</u>

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash used in operating activities	(20,320)	(27,877)
Net cash (used in)/generated from investing activities	(28,451)	10,202
Net cash used in financing activities	<u>(2,952)</u>	<u>(48,261)</u>
Net decrease in cash and cash equivalents	(51,723)	(65,936)
Cash and cash equivalents at the beginning of period	<u>153,053</u>	<u>170,932</u>
Cash and cash equivalents at the end of period	<u>101,330</u>	<u>104,996</u>
Bank balances and cash include the following for the purposes of the condensed consolidated statement of cash flows:		
Cash at bank and on hand	110,677	116,135
Segregated trust bank balances	<u>(9,347)</u>	<u>(11,139)</u>
Cash and cash equivalents	<u>101,330</u>	<u>104,996</u>

Notes:

1. General Information

Sinofortune Financial Holdings Limited and its subsidiaries are principally engaged in (i) provision of the precious metals spot trading and brokerage services in the PRC, (ii) provision of securities and futures contracts trading services in Hong Kong, (iii) trading and principal investments in the PRC and Hong Kong, (iv) trading of electronic products, electronic student cards and school safety products and provision of electronic student card platform in the PRC, and (v) sales of motor vehicles and provision of agency services in the PRC.

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

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars, while the functional currencies of certain subsidiaries are Renminbi ("RMB"). The Company has selected Hong Kong dollar as its presentation currency as management considered it is more beneficial to the users of the unaudited condensed consolidated financial statements. These unaudited condensed consolidated financial statements have been approved and authorized for issue by the Board of Directors on 7 August 2019.

2. Basis of Preparation

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

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

The principal accounting policies applied in the preparation of these unaudited condensed consolidated financial statements were consistent with those applied for the financial statements of the Group for the year ended 31 December 2018, except for the changes in accounting policies.

Changes in accounting policies and disclosures

HKFRS 16 Leases

Upon the adoption of HKFRS 16, at the commencement date of the lease, the lessee recognises a "lease liabilities" and a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee recognises interest expense accrued on the outstanding balance of the lease liabilities, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses continue to be recognised on a systematic basis over the lease term.

HKFRS 16 primarily affect the Group's accounting as a lessee of premises which are classified as operating leases in previous year. The application of the new accounting model leads to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss over the period of the lease.

HKFRS 16 has been applied modified retrospective approach, with the cumulative effect of initial application recognised as an adjustment to the opening balances of accumulated losses as at 1 January 2019. Comparative information has not been restated. In addition, the Group elected the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets and not to perform a full review of existing leases and apply HKFRS 16 only to new contracts. Furthermore, the Group has used the practical expedient to account for leases for which the lease term ends within 12 months from the date of initial application as short-term lease.

Upon the initial application of HKFRS 16, the Group measured the right-of-use assets as if HKFRS 16 had always been applied by using the incremental borrowing rate at initial application date and the opening balances of lease liabilities and the corresponding right-of-use assets has been adjusted as at 1 January 2019.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognized as at 1 January 2019:

	At 1 January 2019 <i>HK\$'000</i> (Unaudited)
Operation lease commitments disclosed as at 31 December 2018	5,621
Less: commitments relating to leases exempt from capitalization:	
– short-term leases with remaining lease term ending on or before 31 December 2019	(58)
– VAT effect	(145)
	5,418
Less: total future interest expenses	(309)
Lease liabilities relating to operating leases recognized upon application of HKFRS 16 and lease liabilities as at 1 January 2019	5,109
Analyzed as	
Current	2,019
Non-current	3,090
	5,109

The carrying amount of right-of use assets as at 1 January 2019 comprises the following:

	Right-of-use assets <i>HK\$'000</i> (Unaudited)
Right-of-use assets relating to operating leases recognized upon application of HKFRS 16	<u>5,015</u>

The following table summarizes the impact of transition to HKFRS 16 on retained profits at 1 January 2019.

	Impact of adopting HKFRS 16 at 1 January 2019 <i>HK\$'000</i> (Unaudited)
Retained profits	
Impact at 1 January 2019	<u>94</u>

The following table summarizes the impacts of the adoption of HKFRS 16 on the group's consolidated statement of financial position:

	Carrying amounts previously reported at 31 December 2018 <i>HK\$'000</i> (Audited)	Capitalization of operating lease contracts <i>HK\$'000</i> (Unaudited)	Carrying amounts under HKFRS 16 at 1 January 2019 <i>HK\$'000</i> (Unaudited)
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Right-of-use assets	–	5,015	5,015
Total non-current assets	30,731	5,015	35,746
Lease liabilities	–	2,019	2,019
Current liabilities	30,847	2,019	32,866
Net current assets	350,553	(2,019)	348,534
Total assets less current liabilities	381,284	3,000	384,284
Lease liabilities	–	3,090	3,090
Non-current liabilities	3,109	3,090	6,199
Net assets	378,175	(94)	378,081

3. Revenue

Disaggregation of revenue

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

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from contracts with customers				
within the scope of HKFRS 15				
Disaggregated by major products or service lines				
– Commission income from securities and futures brokerage services	132	147	243	403
– Trading of electronic products, electronic student cards and school safety products	280	30	1,148	97
– Provision of electronic student card platform	684	935	867	1,984
– Service income from provision of stock information	–	231	–	231
– Sales of motor vehicles where the Group acts as principal	118,697	33,584	126,778	155,741
– Agency fee income from trading of motor vehicles and accessories sourcing	–	(4)	642	438
	<u>119,793</u>	<u>34,923</u>	<u>129,678</u>	<u>158,894</u>
Revenue from other sources				
– Interest income from clients	<u>144</u>	<u>132</u>	<u>282</u>	<u>259</u>
Revenue	<u>119,937</u>	<u>35,055</u>	<u>129,960</u>	<u>159,153</u>
Proceeds from trading of securities	<u>–</u>	<u>–</u>	<u>2,472</u>	<u>–</u>
Turnover	<u><u>119,937</u></u>	<u><u>35,055</u></u>	<u><u>132,432</u></u>	<u><u>159,153</u></u>
Disaggregated by timing of revenue recognition				
within the scope of HKFRS 15				
– Over time	684	1,166	867	2,215
– At a point in time	<u>119,109</u>	<u>33,757</u>	<u>128,811</u>	<u>156,679</u>
	<u><u>119,793</u></u>	<u><u>34,923</u></u>	<u><u>129,678</u></u>	<u><u>158,894</u></u>

4. Segment Information

The chief operating decision-maker has been identified as the executive directors (the “Executive Directors”) of the Company. The Executive Directors review the Group’s internal reports in order to assess performance and allocate resources. Operating segments were determined based on these reports.

In prior reporting periods, the Executive Directors identified the Group was organized into five operating divisions and each of the operating divisions represented an operating and reportable segments: (1) provision of brokerage and securities margin financing services; (2) precious metals spot trading and brokerage; (3) trading of electronic product, electronic student cards and school safety products and provision of electronic student card platform; (4) trading and principal investments; and (5) sale of motor vehicles and provision of agency service.

The segment information of the reportable segments for the six months ended 30 June 2019 is as follows:

	Brokerage and securities margin financing services HK\$'000 (unaudited)	Precious metals spot trading and brokerage HK\$'000 (unaudited)	Trading of electronic products, electronic student cards and school safety products and provision of electronics student card platform HK\$'000 (unaudited)	Trading and principal investments HK\$'000 (unaudited)	Sales of motor vehicles and provision of agency services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Disaggregated by timing of revenue recognition within the scope of HKFRS 15						
Over time	-	-	867	-	-	867
At a point in time	243	-	1,148	-	127,420	128,811
	<u>243</u>	<u>-</u>	<u>2,015</u>	<u>-</u>	<u>127,420</u>	<u>129,678</u>
Segment revenue from external customers	525	-	2,015	-	127,420	129,960
Other income and loss, net by segment	27	102	82	(6,693)	747	(5,735) ¹
Finance costs	-	-	-	-	(22)	(22)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22)</u>	<u>(22)</u>
Segment results	<u>(1,712)</u>	<u>(13)</u>	<u>(1,573)</u>	<u>(10,317)</u>	<u>(49,372)</u>	<u>(62,987)</u>
Net unallocated expenses						(9,841)
Other income and loss, net						196 ¹
Finance costs						(378)
Interest income						184 ¹
						<u>(72,826)</u>
Loss before income tax						(72,826)
Income tax expense						-
						<u>(72,826)</u>
Loss for the period						<u>(72,826)</u>

¹ Equivalent to the total balances stated in note 5.

The segment information of the reportable segments for the six months ended 30 June 2018 is as follows:

	Brokerage and securities margin financing services <i>HK\$'000</i> (unaudited)	Precious metals spot trading and brokerage <i>HK\$'000</i> (unaudited)	Trading of electronic student cards and school safety products <i>HK\$'000</i> (unaudited)	Trading and principal investments <i>HK\$'000</i> (unaudited)	Provision of stock information and research services <i>HK\$'000</i> (unaudited)	Sales of motor vehicles and provision of agency services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Disaggregated by timing of revenue recognition within the scope of HKFRS 15							
Over time	–	–	1,984	–	231	–	2,215
At a point in time	403	–	97	–	–	156,179	156,679
	<u>403</u>	<u>–</u>	<u>2,081</u>	<u>–</u>	<u>231</u>	<u>156,179</u>	<u>158,894</u>
Segment revenue from external customers	662	–	2,081	–	231	156,179	159,153
Other income and loss, net by segment	<u>31</u>	<u>23</u>	<u>105</u>	<u>(1,874)</u>	<u>96</u>	<u>(48)</u>	<u>(1,667)¹</u>
Segment results	<u>(1,412)</u>	<u>(128)</u>	<u>(366)</u>	<u>(1,874)</u>	<u>(2,743)</u>	<u>(3,212)</u>	<u>(9,735)</u>
Net unallocated expenses							(10,328)
Finance costs							(92)
Interest income							<u>4¹</u>
Loss before income tax							(20,151)
Income tax expense							<u>–</u>
Loss for the period							<u><u>(20,151)</u></u>

¹ Equivalent to the total balances stated in note 5.

The Group mainly operates in Hong Kong and the PRC.

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Hong Kong	525	662
The PRC	129,435	158,491
	<u>129,960</u>	<u>159,153</u>
Other income and loss, net		
Hong Kong	61	37
The PRC	(5,416)	(1,700)
	<u>(5,355)</u>	<u>(1,663)</u>

Revenue from external customers are allocated based on the geographic areas in which the customers are located.

5. Other Income and Loss, Net

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other income				
CCASS fee income	4	4	7	11
Handling fee income	8	–	14	–
Interest income on bank deposits	119	–	200	39
Dividend income from securities held for trading	54	26	54	26
Sundry income/(loss)	772	(45)	1,117	166
	<u>957</u>	<u>(15)</u>	<u>1,392</u>	<u>242</u>
Other gain or loss, net				
Financial assets at fair value through profit or loss				
– Unrealised fair value losses on securities trading	(6,544)	(10,287)	(6,470)	(1,905)
– Realised losses on trading of securities	(277)	–	(277)	–
	<u>(6,821)</u>	<u>(10,287)</u>	<u>(6,747)</u>	<u>(1,905)</u>
	<u>(5,864)</u>	<u>(10,302)</u>	<u>(5,355)</u>	<u>(1,663)</u>

6. Income Tax Income

Hong Kong Profits Tax has been provided at the rate of 16.5% (2018: 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 financial statements as the Group incurred a tax loss for the period (2018: Nil).

PRC Enterprise Income tax has been provided at the rate from 25% (2018: 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 Group incurred tax losses for the period (2018: Nil).

7. Loss Per Share

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

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share	<u>(69,424)</u>	<u>(19,804)</u>
Number of shares		
Issued ordinary shares at 1 January	6,718,821,034	6,498,958,120
Shares retrieval from escrow arrangement	<u>–</u>	<u>(200,000,000)</u>
Issued ordinary shares at 30 June	<u>6,718,821,034</u>	<u>6,298,958,120</u>
Weighted average number of ordinary shares in issue for calculating basic and diluted loss per share	<u>6,718,821,034</u>	<u>6,298,958,120</u>
Loss per share	<u>(0.0103)</u>	<u>(0.0031)</u>
Diluted loss per share	<u>(0.0103)</u>	<u>(0.0031)</u>

The computation of diluted loss per share for the period ended 30 June 2019 and 2018 did not assume the exercise of the Company's share options outstanding during the period ended 30 June 2019 and 2018 since their exercise would result in a decrease in loss per share.

8. Financial Assets at Fair Value Through Other Comprehensive Income

	At 30 June 2019 <i>HK\$'000</i> (unaudited)	At 31 December 2018 <i>HK\$'000</i> (audited)
Financial asset measured at fair value through other comprehensive income	<u><u>10,200</u></u>	<u><u>–</u></u>

During the reporting period, the Group entered into an agreement with 南瑞生物科技集團(深圳)有限公司 (transliterated as Nan Rui Biotechnology Group (Shenzhen) Company Limited) in an amount of RMB9,000,000 (equivalent to HK\$10,200,000) regarding the investment on the potential project called 諾貝爾生命科學產業園項目 developed by Nan Rui Biotechnology Group (Shenzhen) Company Limited.

Financial assets at fair value through other comprehensive income are presented within “investing activities” in the condensed consolidated statements of cash flows.

Changes in fair values of financial assets at fair value through other comprehensive income are recorded in “other comprehensive income/(loss)” in the condensed consolidated statement of profit or loss and other comprehensive income.

The fair value of the financial asset designated as at fair value through other comprehensive income of the end of reporting period was determined based on net assets value of investment which the potential project was still in a preliminary stage, the net assets value of the investment mainly was bank balance from investors’ capital injection.

9. Trade Receivables

	At 30 June 2019 HK\$'000 (unaudited)	At 31 December 2018 HK\$'000 (audited)
Amount receivable arising from securities broking:		
Margin clients	2,586	3,083
Cash clients	4,654	4,009
Brokers and dealers	–	–
Hong Kong Securities Clearing Company Limited (net)	–	101
Amounts receivable arising from trading of motor vehicle	12,487	16,369
Other trade receivables	169	453
	<u>19,896</u>	<u>24,015</u>
Trade receivables	<u>19,896</u>	<u>24,015</u>

Amounts receivable from margin clients are repayable on demand, bear interest at prevailing market rates and are secured by clients' pledged securities which are listed on the Stock Exchange with a total market value of approximately HK\$18,520,000 as at 30 June 2019 (31 December 2018: approximately HK\$17,959,000). No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of the business of securities margin financing. The Group considers that the credit risk arising from the amounts receivable from margin clients is significantly mitigated by the client's pledged securities.

Amount receivable from one of rolling balance cash client with amount of HK\$4,150,000 are repayable on demand and bearing interest at 9% per annum. The Group manages credit risk by continuously monitoring the cash client's securities held by the Group, of which the total market value of approximately HK\$7,065,000 as at 30 June 2019. The Group considers that the credit risk arising from the amount receivable from this cash client is minimal.

The settlement terms of amounts receivable from cash clients and clearing house are one or two trade days after the trade execution date. Except for the amounts receivable from margin clients as mentioned above, these balances are aged within 30 days. Accounts receivable from cash clients and clearing house are neither past due nor impaired.

The settlement terms of amounts receivable arising from securities broking are one or two trade days after the trade execution date. Except for the amounts receivable from margin clients as mentioned above, these balances are aged within 30 days. Accounts receivable from cash clients and clearing house are neither past due nor impaired.

The trade receivable arising from provision of electronic student card platform are due immediately from date of billing, and the customer historically settled the amounts around 1 month from the date of billing. The Group has not recognized an expected credit loss because the counterparty is a reputable telecommunication company in the People's Republic of China, of which the management considered that the historical settlement pattern of the counterparty and the historical default record.

Amount receivable arising from the trading of motor vehicles included the receivables from customers and the government subsidy on the sales of the imported motor vehicles.

The receivable from customers in respect of the trading of motor vehicles are due in 120 days from date of billing while the historical settlement pattern of the government subsidy on the sales of the imported motor vehicles are around 270 days from the date of application.

Considering the receivables from customers arising from trading of motor vehicles are not yet past due at 30 June 2019 and the historical payment record of the customers are good, the management considers no expected credit loss should be provided.

For the government subsidy on the sales of imported motor vehicles, the management takes reference to the historical settlement pattern of the subsidy, they considers it is not necessary to provide the expected credit loss on the subsidy receivable at 30 June 2019.

The following is an aged analysis of trade receivables based on invoice dated at the end of reporting period:

	At 30 June 2019 HK\$'000 (unaudited)	At 31 December 2018 HK\$'000 (audited)
0 – 30 days	169	6,917
31 – 90 days	10,855	5,176
91 – 180 days	–	4,729
181 – 365 days	1,632	–
	12,656	16,822

The maximum exposure to credit risk at the end of reporting period is the carrying amounts of trade receivables. Other than the amounts receivable from margin clients, the Group does not hold any collateral as security in respect of its trade receivables. There is no recent history of default on the trade receivables.

As at 30 June 2019 and 31 December 2018, all other trade receivables were not past due.

10. Financial Assets at Fair Value Through Profit or Loss

	At 30 June 2019 <i>HK\$'000</i> (unaudited)	At 31 December 2018 <i>HK\$'000</i> (audited)
Listed equity – held for trading		
Equity securities – Hong Kong	7,825	17,044
Financial asset designated as at fair value through profit and loss	<u>–</u>	<u>10,726</u>
	<u>7,825</u>	<u>27,770</u>

Stock code	Company name	No. of share held as at 30 June 2019	Approximately percentage of shareholding	Fair value as at 30 June 2019 <i>HK\$'000</i>	Fair value losses on securities trading for the period ended 30 June 2019 <i>HK\$'000</i>
01335	Sheen Tai	75,238,000	3.07%	<u>7,825</u>	<u>(6,470)</u>

Financial assets at fair value through profit or loss are presented within “operating activities” and “investing activities” in the condensed consolidated statements of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in “other income and loss, net” in the condensed consolidated statement of profit or loss and other comprehensive income.

The fair value of all equity securities is based on their current bid prices in an active market.

11. Trade Payables

	At 30 June 2019 <i>HK\$'000</i> (unaudited)	At 31 December 2018 <i>HK\$'000</i> (audited)
Amount payable arising from securities broking:		
Margin clients	96	532
Cash clients	6,677	7,733
Other trade payables	<u>6</u>	<u>6</u>
Trade payables, net	<u>6,779</u>	<u>8,271</u>

Amounts payable to margin clients are repayable on demand. No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of the business of securities margin financing.

The settlement terms of amounts payable arising from securities broking are one or two trade days after the trade execution date. Except for the amounts payable to margin clients as mentioned above, these balances are aged within 30 days.

The following is an aged analysis of other trade payables at the end of reporting period:

	At 30 June 2019 <i>HK\$'000</i> (unaudited)	At 31 December 2018 <i>HK\$'000</i> (audited)
0 – 30 days	–	–
31 – 90 days	–	–
91 – 180 days	–	–
181 – 365 days	–	–
Over 365 days	<u>6</u>	<u>6</u>
	<u>6</u>	<u>6</u>

12. Other Payables and Accruals

	At 30 June 2019 <i>HK\$'000</i> (unaudited)	At 31 December 2018 <i>HK\$'000</i> (audited)
Other payables and accruals	1,999	2,141
Provision of consumption tax and customs duties in respect of purchase of motor vehicles	<u>15,397</u>	<u>13,635</u>
	<u>17,396</u>	<u>15,776</u>

13. Contract Liabilities

	At 30 June 2019 <i>HK\$'000</i> (unaudited)	At 31 December 2018 <i>HK\$'000</i> (audited)
Billing in advance of performance	<u>5,394</u>	<u>2,303</u>

The contract liabilities are expected to be recognised no income within one year.

14. Provision for Loss on Onerous Contracts

	At 30 June 2019 <i>HK\$'000</i> (unaudited)	At 31 December 2018 <i>HK\$'000</i> (audited)
Provision for loss on onerous contracts	<u>33,809</u>	<u>–</u>

Management estimates the provision for loss on onerous contracts being the present obligation of the unavoidable costs less the economic benefits expected to be received under the non-cancellable motor vehicles contracts. The expected economic benefits are estimated based on estimated future sales and selling prices by reference to market statistics and information while unavoidable costs are estimated based on non-cancellable motor vehicles contracts that the Group is obliged to make under the contracts.

Management conducted an assessment of the non-cancellable motor vehicles contracts and the estimates and assumptions contained therein are reviewed regularly. As at 30 June 2019, provision for an onerous contracts are at carrying amount of HK\$33,809,000 (2018: Nil).

15. Borrowings

	At 30 June 2019 <i>HK\$'000</i> (unaudited)	At 31 December 2018 <i>HK\$'000</i> (audited)
Borrowing included in current liabilities		
– Secured bank borrowings	<u>3,445</u>	<u>4,497</u>

16. Share Capital and Premium

	Number of issued shares <i>(In thousands)</i>	Ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2019 and as at 30 June 2019	<u>7,748,958</u>	<u>77,489</u>	<u>1,673,299</u>	<u>1,750,788</u>

The total authorized number of ordinary shares is 10,000,000,000 shares (2018: 10,000,000,000 shares) with a par value of HK\$0.01 per share (2018: HK\$0.01 per share). All issued shares are fully paid.

17. Dividend

The Directors do not recommend the payment of a dividend for the period ended 30 June 2019 (2018: Nil).

BUSINESS REVIEW

The Group recorded revenue of approximately HK\$129.96 million in the six months ended 30 June 2019, which is a decrease of approximately HK\$29.19 million compared with the corresponding period in 2018. This was mainly due to a decrease of revenue in the segment of sales of motor vehicles and the provision of agency services in the PRC. Such segment recorded approximately HK\$127.42 million for the period ended 30 June 2019, compared with approximately HK\$156.18 million for the previous period, representing a decrease of approximately HK\$28.76 million.

As disclosed in the Company's announcement dated 15 July 2019, incur of the substantial increased loss was mainly attributable to the provision for loss on onerous contracts in the amount of approximately HK\$33.81 million in the six months ended 30 June 2019 when no such provision was provided in the six months ended 30 June 2018. Also, there was an unexpected early adoption of government policy in relation to automobile emission standard in the PRC. Such policy imposed a negative influence on the customers purchase desire and the motor vehicles' market prices which resulted in the decreasing in sales of motor vehicles. In addition, the economic uncertainty brought by the US-China trade war has further weakened the domestic demand for the expensive goods as motor vehicles.

For the period ended 30 June 2019, the Group recorded the revenue of sales of motor vehicles where the Group acts as principal approximately HK\$126.78 million and an agency fee income from trading of motor vehicles and accessories sourcing approximately HK\$0.64 million. Approximately HK\$155.74 million and approximately HK\$0.44 million were recorded respectively for the period ended 30 June 2018.

For proprietary stock trading, the Group recorded an unrealized loss of approximately HK\$6.47 million and realized loss of approximately HK\$0.28 million for the period under review.

FINANCIAL REVIEW

The Group recorded an unaudited revenue of approximately HK\$129.96 million for the six months ended 30 June 2019 as compared to approximately HK\$159.15 million for the corresponding period in 2018, there was a decrease of approximately HK\$29.19 million or 18.3%. The decrease in turnover was mainly due to the decrease in the sales of motor vehicles and provision of agency services business which operated in the PRC.

The segment of sales of motor vehicles and provision of agency services recorded revenue of approximately HK\$127.42 million for the six months ended 30 June 2019 and it recorded approximately HK\$156.18 million of revenue for the last corresponding period. The decline in revenue of this segment was due to the sudden drop in customers' demand on motor vehicles mainly caused by the change in government policies in relation to automobile emission standard in the PRC and the on-going US-China trade war, which in turn caused a decrease in customer purchase desire and a price reduction for some motor vehicle models by the Company.

The segment of trading of electronic product, electronic student cards and school safety products recorded revenue of approximately HK\$2.02 million for the six months ended 30 June 2019 and it recorded approximately HK\$2.08 million of revenue for the last corresponding period.

The Group recorded an unaudited loss for the six months ended 30 June 2019 of approximately HK\$72.83 million compared with an unaudited loss of approximately HK\$20.15 million for the last corresponding period. The unaudited loss for the period encompassed the unaudited realized fair value losses and unrealized fair value losses on securities trading for approximately HK\$0.28 million and HK\$6.47 million respectively and it recorded unrealized fair value losses approximately HK\$1.91 million for the last corresponding period. The basic loss per share attributable to owners for the Company for the reporting period with approximately HK\$1.03 cents compared to approximately HK0.31 cents for the same period last year.

The Group's current asset as at 30 June 2019 amounted to approximately HK\$335.16 million and the liquidity of the Group, as demonstrated by the current ratio (current assets/current liabilities) was 4.76 times. Among them, the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income were HK\$7.83 million and HK\$10.20 million respectively. The financial assets invested the equity securities listed in the Hong Kong and the investment in the PRC. The Group's bank balances and cash amounted to approximately HK\$110.68 million as at 30 June 2019 of which approximately HK\$9.35 million were held on behalf of clients in trust and segregated accounts. The total borrowings amounted to HK\$3.45 million which was secured by the charges over certain of the Group's land and buildings and corporate guarantee executed by the Company. The gearing ratio of the Group as at 30 June 2019 (calculated by the total liabilities of approximately HK\$77.39 million over equity attributable to the owners of the Company of approximately HK\$295.77 million) is 26.2%.

The equity attributable to owner of the Company amounted to approximately HK\$295.77 million as at 30 June 2019, representing a decrease of approximately HK\$68.85 million, or 18.9% from that of 31 December 2018.

OUTLOOK

As at 30 June 2019, almost 98% revenue of the Group came from the segment of sales of motor vehicles and the provision of agency services in the PRC. The US-China trade war began in 2018 that has seriously affected the Chinese economy. Premier Li Keqiang also pointed out that “China’s development faces many complicated and severe domestic and foreign situations, and the economy has new downward pressure”.

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 2019, 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 30 customers and with 27 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.

As disclosed in the circular of the Company dated 13 June 2019, all China Quality Certification Centres in the PRC are issuing 3C certifications for China VI motor vehicles for authorised resellers as their highest priorities. As at 30 June 2019, although there is no prohibition to parallel imported China VI motor vehicles, the time for obtaining 3C certification for parallel imported China VI motor vehicles is currently unpredictable. For the period ended 30 June 2019, there is not any parallel imported China VI motor vehicle in the market. Although the motor vehicles business of the Company was affected by the PRC government policy and the US-China trade war, we will closely monitor the changes and deploy our business strategy when necessary.

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' REPORT

Liquidity and Financial Resources

The Group's current assets as at 30 June 2019 amounted to approximately HK\$335.16 million (31 December 2018: approximately HK\$381.40 million) and the liquidity of the Group, as demonstrated by the current ratio (current assets/current liabilities) was 4.76 times, (31 December 2018: 12.36 times). The gearing ratio of the Group (calculated as total liabilities over equity attributable to owners of the Company) was 26.2% (31 December 2018: 9.3%). Among them, the financial assets at fair value through profit or loss were approximately HK\$7.83 million (31 December 2018: approximately HK\$27.78 million). The financial assets invested include the equity securities listed in Hong Kong. As at 30 June 2019, the Group's cash and bank balances were approximately HK\$110.68 million (31 December 2018: approximately HK\$161.35 million) of which approximately HK\$9.35 million (31 December 2018: approximately HK\$8.30 million) were held on behalf of clients in trust and segregated accounts.

As at 30 June 2019, the Group's total borrowing amounted to approximately HK\$3.45 million (31 December 2018: approximately HK\$4.50 million), of which, approximately HK\$2.10 million (31 December 2018: approximately HK\$2.10 million) was repayable within one year. The borrowings were secured by charges over the Group's land and buildings as well as corporate guarantee issued by the Company. Taking into account of the amount of liquid assets in hand, the Board is of the view that the Group has sufficient financial resources for future development of the existing business of the Group and other business when investment opportunities arise.

Share Capital

As at 30 June 2019, the authorized share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each and the issued share capital of the Company was approximately HK\$77,489,581 divided into 7,748,958,120 shares of HK\$0.01 each.

Foreign Exchange Exposure

The Group manages the foreign exchange exposure arising from its normal course of business activities and investments in foreign operations by funding its local operations and investments through cash flow generated from business transaction locally. As at 30 June 2019, the Group did not have any material unhedged foreign exchange exposure of interest rate mismatch.

Employee Information

As at 30 June 2019, the Group had a workforce of 101 employees (31 December 2018: 91). The total staff costs, including directors' emoluments, amounted to approximately HK\$10.93 million for the period ended 30 June 2019 (30 June 2018: approximately HK\$10.29 million). The Group's remuneration policies are reviewed on an annual basis and commensurate with the industry pay level. The remuneration package includes basic salary, provident fund, medical benefits and discretionary bonus. The Group has also adopted a new share option scheme as an added incentive for its employees.

Charge on Group Assets

As at 30 June 2019, property, plant and equipment of the Group with a carrying amount of approximately HK\$29.81 million (31 December 2018: HK\$30.03 million) were pledged for banking facilities granting to the Group.

Contingent Liabilities

As at 30 June 2019 and 31 December 2018, the Group had no significant contingent liabilities.

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

The Group did not have any other significant investment, material acquisitions and disposal of subsidiaries, associates and joint ventures during the period ended 30 June 2019.

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

As at 30 June 2019, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in shares of the Company

Name of Directors	Capacity	Number of shares	Approximate percentage of shareholding
Wang Jiawei	Beneficial owner	2,102,255,935	27.13%
Lai Yuk Mui	Beneficial owner	2,780,127	0.04%
Liu Runtong	Beneficial owner	2,646,000	0.03%

(b) Long positions in underlying shares of the Company

Share option scheme of the Company

The share option scheme adopted by the Company on 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 June 2019:

Name of Director	Date of grant	Number of share options				Option period	Exercise price (HK\$)	
		Outstanding as at 1 January 2019	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period			Outstanding as at 30 June 2019
Lai Yuk Mui	13/04/2010	3,186,158	–	–	–	3,186,158	13/04/2010-12/04/2020	0.419
Liu Runtong	13/04/2010	31,861,575	–	–	–	31,861,575	13/04/2010-12/04/2020	0.419
Zhang Benzheng	13/04/2010	2,124,105	–	–	–	2,124,105	13/04/2010-12/04/2020	0.419
James Beeland Rogers Jr.	22/09/2014	20,000,000	–	–	–	20,000,000	22/09/2014-21/09/2024	0.518
James Beeland Rogers Jr.	16/10/2015	20,000,000	–	–	–	20,000,000	16/10/2015-15/10/2025	0.238
James Beeland Rogers Jr.	09/11/2016	20,000,000	–	–	–	20,000,000	09/11/2016-08/11/2026	0.150

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

(c) Short positions in underlying shares of the Company

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

**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS
AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE
COMPANY**

(a) Long positions in shares of the Company

As at 30 June 2019, 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 2019, 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, 22 September 2014, 16 October 2015 and 9 November 2016, options to subscribe for 84,000,000 shares, 30,000,000 shares, 20,000,000 shares and 20,000,000 shares of the Company respectively were granted to the Directors and certain employees of the Company. As at 30 June 2019, details of the outstanding options were as follows:

Date of grant	Number of share options					Option period	Exercise price (HK\$)
	Outstanding as at 1 January 2019	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2019		
13/04/2010	82,840,095 (Note 1)	–	–	–	82,840,095 (Note 1)	13/04/2010- 12/04/2020	0.419
22/09/2014	20,000,000	–	–	–	20,000,000	22/09/2014- 21/09/2024	0.518
16/10/2015	20,000,000	–	–	–	20,000,000	16/10/2015- 15/10/2025	0.238
09/11/2016	20,000,000	–	–	–	20,000,000	09/11/2016- 08/11/2026	0.150

Note:

- (1) Pursuant to the Old Share Option Scheme, 84,000,000 shares of share options were granted by the Company on 13 April 2010 and were adjusted on 15 June 2010.

Directors' Interest in Competing Business

As at 30 June 2019, 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 two non-executive Directors, which represent more than half of the Board, the interests of the shareholders of the Company will be adequately and fairly represented.

Directors' Securities Transaction

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

Audit Committee

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

The Audit Committee comprises 3 independent non-executive Directors, namely Professor Zhang Benzhen, Mr. Li Jianxing and Professor Chen Shu Wen.

The Audit Committee has reviewed the financial statements of the Group for the six months ended 30 June 2019 pursuant to the relevant provisions contained in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

By order of the Board
Sinofortune Financial Holdings Limited
Wang Jiawei
Chairman

Hong Kong, 7 August 2019

As of the date of this announcement, the executive Directors are Mr. Wang Jiawei and Ms. Lai Yuk Mui, the non-executive Directors are Mr. Liu Runtong and Mr. James Beeland Rogers Jr. and the independent non-executive Directors are Professor Zhang Benzhen, Mr. Li Jianxing and Professor Chen Shu Wen.

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