



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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

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.

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

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\$150,039,000 for the year ended 31 December 2023 (2022: approximately HK\$180,815,000).

Loss for the year ended 31 December 2023 was approximately HK\$15,796,000 (2022: approximately HK\$30,672,000).

Loss attributable to owners of the Company for the year ended 31 December 2023 amounted to approximately HK\$15,777,000 (2022: approximately HK\$30,660,000).

Basic loss per share was 0.20 HK cents (2022: 0.40 HK cents).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2023 (2022: Nil).

FINAL RESULTS

The board of Directors of the Company (the “Board”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2023 together with the comparative audited figures for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	150,039	180,815
Other income and gains/(losses), net	6	14,378	(2,719)
Changes in inventories of finished goods		(147,239)	(178,396)
Other direct costs		(72)	(70)
Employee benefit expenses		(13,664)	(13,797)
Depreciation of property, plant and equipment		(2,072)	(2,119)
Depreciation of right-of-use assets		(575)	(1,303)
Impairment loss recognised on trade receivables		(415)	(1,331)
Other expenses	8	(12,583)	(10,704)
Share of loss of an associate		(1,041)	–
Finance costs	7	(2,706)	(1,230)
Loss before income tax	8	(15,950)	(30,854)
Income tax credit	9	154	182
Loss for the year		(15,796)	(30,672)
Other comprehensive loss			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(3,394)	(10,543)
Other comprehensive loss for the year, net of tax		(3,394)	(10,543)
Total comprehensive loss for the year		<u>(19,190)</u>	<u>(41,215)</u>

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(15,777)	(30,660)
Non-controlling interests		<u>(19)</u>	<u>(12)</u>
		<u>(15,796)</u>	<u>(30,672)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(19,166)	(41,186)
Non-controlling interests		<u>(24)</u>	<u>(29)</u>
		<u>(19,190)</u>	<u>(41,215)</u>
		2023 <i>HK cent</i>	2022 <i>HK cent</i>
Loss per share			
Basic loss per share	<i>10</i>	<u>(0.20)</u>	<u>(0.40)</u>
Diluted loss per share		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		20,810	22,811
Right-of-use assets		993	1,611
Statutory deposits and other assets		405	405
Interests in associates		78	1,146
Financial assets at fair value through profit or loss	<i>11</i>	113	3,967
Rental and other deposits paid		1,531	1,576
		23,930	31,516
Current assets			
Inventories		38	39
Trade receivables	<i>12</i>	340	2,509
Financial assets at fair value through profit or loss	<i>11</i>	16,708	759
Prepayments, deposits and other receivables		178,433	159,055
Bank balances and cash – trust accounts		5,276	5,940
Bank balances and cash – general accounts		19,554	32,986
		220,349	201,288
Current liabilities			
Trade payables	<i>13</i>	5,457	6,157
Other payables and accruals		2,593	1,589
Contract liabilities		73,393	46,920
Provisions	<i>14</i>	11,390	11,725
Other borrowings		30,000	25,000
Lease liabilities		580	535
		123,413	91,926

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net current assets	<u>96,936</u>	<u>109,362</u>
Total assets less current liabilities	<u>120,866</u>	<u>140,878</u>
Non-current liabilities		
Lease liabilities	448	1,088
Deferred tax liabilities	<u>2,199</u>	<u>2,381</u>
	<u>2,647</u>	<u>3,469</u>
Net assets	<u><u>118,219</u></u>	<u><u>137,409</u></u>
Capital and reserves		
Share capital	77,489	77,489
Reserves	<u>40,563</u>	<u>59,729</u>
Equity attributable to owners of the Company	118,052	137,218
Non-controlling interests	<u>167</u>	<u>191</u>
Total equity	<u><u>118,219</u></u>	<u><u>137,409</u></u>

NOTES:

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, 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) provision of securities and futures contracts trading services in Hong Kong, and (iii) trading of listed securities in Hong Kong.

The functional currency of the Company is Hong Kong dollar (“HK\$”). The consolidated financial statements are presented in Hong Kong dollars as management of the Company considered it more beneficial to users of the consolidated financial statements. All values stated in these consolidated financial statements are rounded to the nearest thousands Hong Kong dollars (HK\$’000), unless otherwise stated.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the 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.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial position and performance but has affected the disclosure of the Group’s accounting policies set out in the consolidated financial statements.

New Guidance on accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) was gazetted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory contributions under the mandatory provident fund (“MPF”) to offset severance payment (“SP”) and long service payments (“LSP”) (the “Abolition”). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (the “Transition Date”). The following key changes will take effect since the Transition Date:

Accrued benefits derived from employers’ mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.

The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the salary of employment termination date.

Due to the complexities of the accounting for the offsetting of employer's MPF contributions and its LSP obligation and hence the impact arising from the Abolition, in July 2023 the HKICPA published 'Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong' (the "Guidance") to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches, being:

Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of Hong Kong Accounting Standard 19.93(a) (equivalent to IAS 19.93(a))

Approach 2: Account for the employer's MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the Approach 1 above retrospectively since the effective date of the Amendment Ordinance (i.e. June 2022). The application of the accounting policy does not have material impact on the Group's financial statements for the current and prior years.

The application of the other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and financial performance for the current and prior years and/or in the disclosures set out in these consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs, which are not yet effective, will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 31 December 2023, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group’s liabilities.

4. REVENUE

Disaggregation of revenue

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
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	148,322	180,391
Agency and service fees income from accessories sourcing	1,362	8
Commission income from securities and futures brokerage services	343	401
	<u>150,027</u>	<u>180,800</u>
Revenue from other sources		
Interest income from securities and futures brokerage services	12	15
Total revenue	<u>150,039</u>	<u>180,815</u>
Disaggregated by timing of revenue recognition within the scope of HKFRS 15		
Over time	–	–
At point in time	150,027	180,800
	<u>150,027</u>	<u>180,800</u>

Disaggregation of revenue from contracts with customers by geographical markets is disclosed in note 5.

5. 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, and provision of agency and related services
2. Brokerage and securities margin financing services – provision of brokerage and securities margin financing services
3. Trading of listed securities – securities trading

Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable segments:

For the year ended 31 December 2023

	Trading of motor vehicles, provision of agency services and accessories sourcing HK\$’000	Brokerage and securities margin financing services HK\$’000	Trading of listed securities HK\$’000	Total HK\$’000
Segment revenue				
External sales	149,684	355	–	150,039
Inter-segment sales	–	–	–	–
	<u>149,684</u>	<u>355</u>	<u>–</u>	<u>150,039</u>
Segment loss	(5,847)	(3,653)	(455)	(9,955)
Interest income				116
Other income and gains, net				13,983
Unallocated expenses				(16,347)
Share of loss of an associate				(1,041)
Finance costs				<u>(2,706)</u>
Loss before income tax				(15,950)
Income tax credit				<u>154</u>
Loss for the year				<u><u>(15,796)</u></u>

For the year ended 31 December 2022

	Trading of motor vehicles, provision of agency services and accessories sourcing <i>HK\$'000</i>	Brokerage and securities margin financing services <i>HK\$'000</i>	Trading of listed securities <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue				
External sales	180,399	416	–	180,815
Inter-segment sales	–	–	–	–
	<u>180,399</u>	<u>416</u>	<u>–</u>	<u>180,815</u>
Segment loss	(1,699)	(819)	(4,175)	(6,693)
Interest income				15
Other income and losses, net				(5,649)
Unallocated expenses				(17,297)
Share of loss of an associate				–
Finance costs				<u>(1,230)</u>
Loss before income tax				(30,854)
Income tax credit				<u>182</u>
Loss for the year				<u><u>(30,672)</u></u>

The measure used for reporting segment profits or losses is adjusted loss before interest and income tax. To arrive at the adjusted loss, the Group's loss is further adjusted for items not specifically attributed to individual segments, such as fair value loss on unlisted equity investment, gain on disposal of financial assets at fair value through profit or loss, certain interest income and head office or corporate administration costs.

Other segment information is as follows:

For the year ended 31 December 2023

	Trading of motor vehicles, provision of agency services and accessories sourcing <i>HK\$'000</i>	Brokerage and securities margin financing services <i>HK\$'000</i>	Trading of listed securities <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to property, plant and equipment	<u>1,650</u>	<u>–</u>	<u>–</u>	<u>36</u>	<u>1,686</u>
Depreciation charged	<u>423</u>	<u>5</u>	<u>–</u>	<u>2,219</u>	<u>2,647</u>
Fair value gain on listed equity securities	<u>–</u>	<u>–</u>	<u>(60)</u>	<u>–</u>	<u>(60)</u>
Fair value loss on unlisted equity investment	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,650</u>	<u>3,650</u>
Gain on disposal of financial assets at fair value through profit or loss	<u>–</u>	<u>–</u>	<u>–</u>	<u>(16,386)</u>	<u>(16,386)</u>
Share of loss of an associate	<u>1,041</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,041</u>
Impairment loss recognised on trade receivables	<u>415</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>415</u>
Loss on disposal of property, plant and equipment	<u>118</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>118</u>
Write off of property, plant and equipment	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Write off of trade receivables	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Interest income	<u>(78)</u>	<u>(7)</u>	<u>–</u>	<u>(116)</u>	<u>(201)</u>

For the year ended 31 December 2022

	Trading of motor vehicles, provision of agency services and accessories sourcing <i>HK\$'000</i>	Brokerage and securities margin financing services <i>HK\$'000</i>	Trading of listed securities <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to property, plant and equipment	<u>16</u>	<u>–</u>	<u>–</u>	<u>182</u>	<u>198</u>
Depreciation charged	<u>201</u>	<u>12</u>	<u>–</u>	<u>3,209</u>	<u>3,422</u>
Fair value loss on listed equity securities	<u>–</u>	<u>–</u>	<u>689</u>	<u>–</u>	<u>689</u>
Fair value loss on unlisted equity investment	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,217</u>	<u>6,217</u>
Gain on disposal of financial assets at fair value through profit or loss	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Share of loss of an associate	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Impairment loss recognised on trade receivables	<u>1,331</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,331</u>
Loss on disposal of property, plant and equipment	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Write off of property, plant and equipment	<u>–</u>	<u>–</u>	<u>–</u>	<u>2</u>	<u>2</u>
Write off of trade receivables	<u>430</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>430</u>
Interest income	<u>(2,262)</u>	<u>–</u>	<u>–</u>	<u>(15)</u>	<u>(2,277)</u>

The segment assets and segment liabilities of the Group as at 31 December 2023 and 2022 are analysed as follows:

Segment assets	2023	2022
	HK\$'000	HK\$'000
Trading of motor vehicles, provision of agency services and accessories sourcing	180,730	164,430
Brokerage and securities margin financing services	17,390	22,267
Trading of listed securities	847	762
	<hr/>	<hr/>
Total reportable segment assets	198,967	187,459
Unallocated assets	45,312	45,345
	<hr/>	<hr/>
Consolidated assets	244,279	232,804
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities	2023	2022
	HK\$'000	HK\$'000
Trading of motor vehicles, provision of agency services and accessories sourcing	85,156	59,366
Brokerage and securities margin financing services	5,753	6,397
Trading of listed securities	–	–
	<hr/>	<hr/>
Total reportable segment liabilities	90,909	65,763
Unallocated liabilities	35,151	29,632
	<hr/>	<hr/>
Consolidated liabilities	126,060	95,395
	<hr/> <hr/>	<hr/> <hr/>

Segment assets consist primarily of certain property, plant and equipment, intangible assets, right-of-use assets, statutory deposits and other assets, inventories, trade receivables, certain prepayments, deposits and other receivables, certain financial assets at fair value through profit or loss and certain bank balances and cash.

Segment liabilities consists primarily of trade payables, certain other payables and accruals, contract liabilities, provisions and certain lease liabilities.

Geographical information

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.

An analysis of the Group's revenue and non-current assets (excluding financial assets at fair value through profit or loss) by geographical location are as follows:

	2023	2022
	HK\$'000	HK\$'000
Revenue from external customers		
Hong Kong	355	416
The PRC, excluding Hong Kong	<u>149,684</u>	<u>180,399</u>
	<u>150,039</u>	<u>180,815</u>
Non-current assets (excluding financial assets at fair value through profit or loss)		
Hong Kong	19,903	21,522
The PRC, excluding Hong Kong	<u>3,914</u>	<u>6,027</u>
	<u>23,817</u>	<u>27,549</u>

The geographical location of non-current assets (excluding financial assets at fair value through profit or loss) is based on the physical location of assets (in the case of property, plant and equipment and right-of-use assets), the location of the operations to which they are allocated (in the case of intangible assets, statutory deposits and other assets, rental and other deposits paid), and location of operations (in the case of interests in associates).

Information about major customers

Revenue from customers contributing over 10% of the Group's revenue is as follows:

	2023	2022
	HK\$'000	HK\$'000
Trading of motor vehicles, provision of agency services and accessories sourcing		
Customer A	39,193	54,266
Customer B	34,756	N/A [#]
Customer C	18,908	N/A [#]
Customer D	N/A [*]	40,578
Customer E	<u>N/A[*]</u>	<u>28,344</u>

* Each of the customer D and customer E did not contribute over 10% of the Group's revenue for the year ended 31 December 2023.

Each of the customer B and customer C did not contribute over 10% of the Group's revenue for the year ended 31 December 2022.

6. OTHER INCOME AND GAINS/(LOSSES), NET

	2023 HK\$'000	2022 HK\$'000
Other income		
CCASS fee income	12	12
Interest income from bank deposits	201	2,277
Dividends from financial assets at fair value through profit or loss	100	–
Government grants and subsidies (<i>Note a</i>)	–	412
Sundry income (<i>Note b</i>)	<u>1,141</u>	<u>1,188</u>
	<u>1,454</u>	<u>3,889</u>
Other gains and losses		
Fair value gain/(loss) on financial assets at fair value through profit or loss		
– Listed equity securities	60	(689)
– Unlisted equity investment	(3,650)	(6,217)
– Unlisted fund investment	<u>31</u>	<u>–</u>
	(3,559)	(6,906)
Exchange gains, net	97	292
Gain on disposal of financial assets at fair value through profit or loss (<i>Note c</i>)	16,386	–
Gain on lease termination	–	8
Write off of property, plant and equipment	<u>–</u>	<u>(2)</u>
Other gains/(losses), net	<u>12,924</u>	<u>(6,608)</u>
Other income and gains/(losses), net	<u><u>14,378</u></u>	<u><u>(2,719)</u></u>

Notes:

- (a) The conditions for the government grants and subsidies have been fulfilled by the Group up to the end of the reporting period.
- (b) In previous years, the Group had paid earnest money amounted to a total of RMB20,000,000 for the proposed acquisition of a PRC entity and such earnest money was recognised as an expense for the prior year ended 31 December 2017. During the current year, the earnest money previously paid to the extent of RMB1,000,000, equivalent to HK\$1,100,000 (2022: RMB1,000,000, equivalent to HK\$1,156,000) was refunded to the Group which was included in sundry income.
- (c) During the current year, the Group recognised gain on disposal of financial assets at fair value through profit or loss – unlisted equity investment of HK\$16,386,000 (2022: Nil).

7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on lease liabilities	63	48
Interest on other borrowings	<u>2,643</u>	<u>1,182</u>
	<u><u>2,706</u></u>	<u><u>1,230</u></u>

8. LOSS BEFORE INCOME TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss before income tax has been arrived at after charging:		
Auditor's remuneration		
– Audit services	630	630
– Non-audit services	100	100
Loss on disposal of property, plant and equipment	118	–
Legal and professional fees	465	620
Consultancy fees	370	1,558
Exhibition and marketing fee	502	361
Write off of trade receivables	<u>–</u>	<u>430</u>

The above expenses are included in other expenses presented in the consolidated statement of profit or loss and other comprehensive income.

9. INCOME TAX CREDIT

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
– Under provision of PRC enterprise income tax in prior years	28	–
Deferred tax credit	<u>(182)</u>	<u>(182)</u>
Income tax credit	<u><u>(154)</u></u>	<u><u>(182)</u></u>

No provision for Hong Kong profits tax and PRC enterprise income tax has been made in the consolidated financial statements as the group companies incurred tax losses for the year ended 31 December 2023 (2022: Nil).

10. 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company	<u>(15,777)</u>	<u>(30,660)</u>
	2023 <i>'000</i>	2022 <i>'000</i>
Number of shares for the purpose of basic loss per share		
Number of ordinary shares in issue during the year	<u>7,748,958</u>	<u>7,748,958</u>

(b) Diluted loss per share

No diluted loss per share for both of the years ended 31 December 2023 and 2022 is presented as there were no potential ordinary shares in issue for both of the years.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Fair value:		
Equity securities listed in Hong Kong	819	759
Unlisted equity investment	113	3,967
Unlisted fund investment	<u>15,889</u>	<u>–</u>
	<u>16,821</u>	<u>4,726</u>
Analysed for reporting as:		
Non-current assets	113	3,967
Current assets	<u>16,708</u>	<u>759</u>
	<u>16,821</u>	<u>4,726</u>

12. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables arising from securities brokerage business:		
Margin clients	60	165
Cash clients	40	150
Hong Kong Securities Clearing Company Limited (“HKSCC”) (net)	<u>20</u>	<u>–</u>
	<u>120</u>	<u>315</u>
Trade receivables arising from trading of motor vehicles:		
Gross receivable	1,892	3,490
Less: impairment loss recognised	<u>(1,672)</u>	<u>(1,296)</u>
	<u>220</u>	<u>2,194</u>
	<u><u>340</u></u>	<u><u>2,509</u></u>

Receivables arising from margin clients

Trade receivables from margin clients at 31 December 2023 are repayable on demand, bearing interest at prevailing market rates and are secured by clients’ pledged securities which are listed on the Stock Exchange with a total market value of approximately HK\$8,279,000 (2022: HK\$10,214,000) as at that date. The Group considers that the credit risk arising from the receivables from margin clients is significantly mitigated by the client’s pledged securities.

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.

As at 31 December 2023, the Group’s gross trade receivables from trading of motor vehicles amounted to HK\$1,892,000 (2022: HK\$3,490,000), of which impairment loss amounted to HK\$1,672,000 (2022: HK\$1,296,000) were recognised.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	–	1,412
91 to 180 days	–	124
Over 365 days	<u>220</u>	<u>658</u>
	<u>220</u>	<u>2,194</u>

13. TRADE PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Payables arising from securities brokerage business:		
Margin clients	87	85
Cash clients	5,364	5,891
HKSCC (net)	–	100
Payables arising from trading of motor vehicles	–	75
Other trade payables	<u>6</u>	<u>6</u>
	<u>5,457</u>	<u>6,157</u>

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 of payables arising from trading of motor vehicles and other trade payables based on invoice dates:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
91 to 180 days	–	75
Over 365 days	<u>6</u>	<u>6</u>
	<u>6</u>	<u>81</u>

14. PROVISIONS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Provision for loss on onerous contracts	<u>11,390</u>	<u>11,725</u>

15. DIVIDENDS

The directors of the Company do not recommend payment of a dividend in respect of the year ended 31 December 2023 (2022: Nil).

BUSINESS REVIEW

The Group recorded a loss of approximately HK\$15.8 million for the year ended 31 December 2023, compared with the loss of approximately HK\$30.7 million for the year ended 31 December 2022, it reduced by approximately HK\$14.9 million. As disclosed in the Company's announcement dated 11 March 2024, the loss for the year ended 31 December 2023 was mainly attributable to (i) the decrease in revenue and (ii) the increase in the finance costs in various business segments. The reduction in loss this year (when compared with the corresponding period in 2022) is mainly due to the Company recorded gain on disposal of financial assets at fair value through profit or loss.

The Group for the year ended 31 December 2023 recorded total revenue of approximately HK\$150.0 million, which was a decrease of approximately HK\$30.8 million compared with the last year. It was due to a record of revenue of trading of motor vehicles, provision of agency services and accessories sourcing segment approximately HK\$149.7 million for the year ended 31 December 2023, compared with approximately HK\$180.4 million for the previous year, representing a decrease of approximately HK\$30.7 million.

The performance of the trading 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 policy. It was noted that the trading of motor vehicles industry experienced a rapid change for the past few years in particular most countries are now adopting new energy as a strategic development direction and encouraging the green transformation of the automotive industry. It was estimated that the demand for petrol vehicles is expected to shrink further, and competition in models and pricing will intensify resulting in more intense market competition than expected in 2023. For the year ended 31 December 2023, the Group recorded the revenue of trading of motor vehicles where the Group acts as principal approximately HK\$148.3 million and agency and service fees income from accessories sourcing approximately HK\$1.4 million. Approximately HK\$180.4 million and approximately HK\$8,000 were recorded respectively for the revenue of trading of motor vehicles where the Group acts as principal and agency and service fees income from accessories sourcing for the year ended 31 December 2022.

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. The Company and a potential purchaser entered into a memorandum of understanding in respect of the disposal of 100% equity interest in Sinofortune Financial Holdings (BVI) Limited in April 2023 but terminated the memorandum of understanding in September 2023 as no agreement could be reached on the terms and conditions of the possible disposal before the expiry of the extended exclusivity period of the memorandum of understanding. For more details, please refer to the announcements of the Company dated 24 April 2023, 24 May 2023, 23 June 2023, 24 July 2023, 24 August 2023 and 22 September 2023.

In 2019, 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. In November 2023, the Group entered into a disposal agreement to sell 50% of the investment in the limited partnership at the consideration of RMB15 million to the general partner of the limited partnership due to the outbreak of COVID-19 and the anti-epidemic measures implemented by the PRC government including lockdown had delayed the progress of and pushed up the research and development expenses for the new medicine development projects undertaken by 成都嘉葆藥銀醫藥科技有限公司 (transliterated as Chengdu Jia Bao Yao Yin Medicine Technology Company Limited) (“Chengdu Jia Bao Yao Yin”) as resources in the medical industries were being drawn to prioritise in the fighting of the COVID-19 pandemic and the development of COVID-19 vaccines which resulted in the general partner raising additional capitals for those projects and diluted the effective interest of 深圳華億生物科技集團有限公司 (transliterated as Shenzhen Huayi Biotechnology Group Company Limited) in Chengdu Jia Bao Yao Yin from 45% to 22.375%, moreover, the delay has prolonged the original expected investment period by the Group in the limited partnership of five years. Despite the anti-epidemic measures in the PRC were being removed and communities and businesses are resurging to normal in the beginning of 2023, it was noted that capital expenditures and investments in medicine research in the PRC have been on the decline. For more details, please refer to the announcements of the Company dated 17 November 2023, 24 November 2023 and 1 December 2023. As at 31 December 2023, 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\$60,000 for the year ended 31 December 2023.

FINANCIAL REVIEW

Results of the Group

The Group recorded total revenue of approximately HK\$150.0 million for the year ended 31 December 2023 as compared to total revenue of approximately HK\$180.8 million for the previous year, representing a decrease of approximately HK\$30.8 million or approximately 17.0%. The decrease of revenue was primarily due to the decrease in trading of motor vehicles business in the PRC.

The Group recorded a loss for the year amounted to approximately HK\$15.8 million, compared with a loss of approximately HK\$30.7 million for the corresponding year, representing a decrease of loss of approximately 48.5%. The loss of the year encompassed an unrealised fair value gains on listed equity securities of approximately HK\$60,000, compared with unrealised fair value losses on listed equity securities of approximately HK\$0.7 million for the previous year.

The loss included the fair value losses arising from the Group's interest in the limited partnership engaged in the business of investing in new medicine development projects at the fair value through its profit or loss of approximately HK\$3.7 million for the year under review, compared with fair value losses of approximately HK\$6.2 million of that project for the previous year.

The loss also included the gain on disposal of financial assets at fair value through profit or loss of approximately HK\$16.4 million for the year under review, no gain or loss on disposal of financial assets at fair value through profit or loss recognised for the previous year.

The loss also took the impairment loss recognised on trade receivables of approximately HK\$0.4 million for the year under review, compared with the impairment loss recognised on trade receivables of approximately HK\$1.3 million for the previous year.

Liquidity and financial resources

The Group's current assets as at 31 December 2023 amounted to approximately HK\$220.3 million compared with approximately HK\$201.3 million as at 31 December 2022 and the liquidity of the Group, as demonstrated by the current ratio (current assets over current liabilities) was 1.8 times, compared with 2.2 times for previous year. Among them, the financial assets at fair value through profit or loss were approximately HK\$0.8 million (2022: approximately HK\$0.8 million) which invested in the equity securities listed in Hong Kong. As at 31 December 2023, the Group's cash and bank balances were approximately HK\$24.8 million (2022: approximately HK\$38.9 million) of which approximately HK\$5.3 million (2022: approximately HK\$5.9 million) were held on behalf of clients in trust and segregated accounts.

As at 31 December 2023, the Group's total other borrowings amounted to HK\$30 million (2022: HK\$25 million) was repayable within one year. 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 31 December 2023 (calculated by the total liabilities of approximately HK\$126.1 million over equity attributable to owners of the Company of approximately HK\$118.1 million) is 106.8% (2022: 69.5%).

The equity attributable to owners of the Company amounted to approximately HK\$118.1 million as at 31 December 2023, representing a decrease of approximately HK\$19.2 million, or 14.0% from that of 31 December 2022. The decrease was mainly due to loss for the year attributable to owners of the Company.

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 the end of the year, the Group did not have any material un-hedged foreign exchange exposure of interest rate mismatch. Foreign currency exposure did not pose a significant risk for the Group. However, we will continue to stay vigilant and closely monitor our exposure to movements of relevant currency.

Capital structure

As at 31 December 2023, the Company's issued share capital was 7,748,958,120 shares of HK\$0.01 each.

Trading of motor vehicles and provision of agency services

It recorded approximately HK\$149.7 million of revenue for the year under review compared with approximately HK\$180.4 million for the last year, representing a decrease of revenue of approximately 17.0%. It is principally engaged in motor vehicles business in the PRC, in particular, trading of motor vehicles and motor vehicles parts. As the trading of motor vehicles industry experienced a rapid change for the past few years in particular most countries are now adopting new energy as a strategic development direction and encouraging the green transformation of the automotive industry. The Group estimated that the demand for petrol vehicles is expected to shrink further, and competition in models and pricing will intensify resulting in more intense market competition than expected in 2023. This segment incurred a loss of approximately HK\$5.9 million for the year which is arrived at after taking into impairment loss recognised on trade receivables amounted to approximately HK\$0.4 million, compared with loss of approximately HK\$1.7 million for the last year (2022: impairment loss recognised on trade receivables amounted to approximately HK\$1.3 million).

Brokerage and securities margin financing service

Total revenue of this segment recorded approximately HK\$0.4 million for the year ended 31 December 2023, compared with approximately HK\$0.4 million for the last year. This segment loss reached approximately HK\$3.7 million while loss of approximately HK\$0.8 million for the last year.

Trading of listed securities

The securities trading recorded no realised gain or loss for the year ended 31 December 2023 and 2022. It recorded an unrealised fair value gains of approximately HK\$60,000 for the year under review, compared with an unrealised fair value losses of approximately HK\$0.7 million of the previous year. This segment showed an operating loss of approximately HK\$0.5 million for the year 31 December 2023 and it recorded a loss of approximately HK\$4.2 million last year.

OUTLOOK

As at 31 December 2023, almost 99.8% revenue of the Group came from the segment of trading of motor vehicles, provision of agency services and accessories sourcing in the PRC.

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 31 December 2023, 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 121 customers and with 45 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 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 trade in the PRC. As at 31 December 2023, 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. To seize the market and improve the business performance under the segment of trading of motor vehicles in the coming year, the Company is planning to make some reforms in this business segment, such as to introduce more new energy vehicles, to promote the trade of petrol vehicles and new energy vehicles, and to expand the duty-free car business in Hainan province.

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.

CHARGES ON ASSETS

Leasehold land and buildings of the Group with a carrying amount of approximately HK\$19.5 million (2022: approximately HK\$21.1 million) were pledged for credit facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any contingent liabilities (2022: Nil).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES/FUTURE PLAN FOR MATERIAL INVESTMENTS

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

On 24 April 2023, The Company and a potential purchaser entered into a memorandum of understanding in respect of the disposal of 100% equity interest in Sinofortune Financial Holdings (BVI) Limited but terminated on 22 September 2023 as no agreement could be reached on the terms and conditions of the possible disposal before the expiry of the extended exclusivity period of the memorandum of understanding. For more details, please refer to the announcements of the Company dated 24 April 2023, 24 May 2023, 23 June 2023, 24 July 2023, 24 August 2023 and 22 September 2023.

On 27 February 2024, another memorandum of understanding has been entered between the Company and the proposed purchasers. But the Company was informed by the solicitors of the proposed purchasers that they have not received payment of the deposit from the proposed purchasers by the deadline on 5 March 2024. Pursuant to the memorandum of understanding, the time for payment of the deposit is legally binding amongst the parties of the memorandum of understanding. For more details, please refer to the announcements of the Company dated 27 February 2024 and 6 March 2024.

Divestment in 成都藍葆震企業管理中心 (Transliterated as Chengdu Lan Bao Zhen Business Management Centre) (“Limited Partnership”)

On 1 December 2023, a completion of disposal of 50% of the Group’s equity interest in Limited Partnership has taken place. Shenzhen Huayi Biotechnology has agreed to sell 25% equity interest in the Limited Partnership to the general partner (成都藍葆坤企業管理中心 transliterated as Chengdu Lan Bao Kun Business Management Center) at the consideration of RMB15 million. Upon Completion, Shenzhen Huayi Biotechnology’s equity interest in the Limited Partnership has reduced from 50% to 25%. For more details, please refer to the announcements of the Company dated 17 November 2023, 24 November 2023 and 1 December 2023.

Save as disclosed, there was no other material acquisition/disposal which would have been required to be disclosed under the GEM Listing Rules for the year under review and the Group has no concrete plans for other material investments.

EVENTS AFTER THE REPORTING PERIOD

On 27 February 2024, the Company entered into a memorandum of understanding with the third parties for the proposed disposal of certain group entities for an aggregate consideration of approximately HK\$15.5 million. The proposed group entities to be disposed are principally engaged in the businesses of securities and futures brokerage and margin financing services, corporate finance services and asset management. The memorandum of understanding was terminated up to the date of approval of these consolidated financial statements. Details of the proposed disposal are set out in the announcements of the Company dated 27 February 2024 and 6 March 2024.

EMPLOYEE INFORMATION

As at 31 December 2023, the Group had a workforce of 46 employees (2022: 50). The total staff costs, including Directors' emoluments, amounted to approximately HK\$13.7 million for the year ended 31 December 2023 (2022: approximately HK\$13.8 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

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. The Company's Directors have complied with such code of conduct and the required standard of dealings.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE PRACTICES

The Board assumes overall responsibility for the leadership and control of the Group, including providing and setting the Group's directions and strategies in the interests of the Group. It believes in good corporate governance and corporate governance practices that promote investor confidence, development of the Group, and transparency while having the long-term interest of the Group and enhancement of shareholders' value as the ultimate objectives. It has adopted the code provision numbering as set out in the Corporate Governance Code contained in Appendix C1 of the GEM Listing Rules (the "Corporate Governance Code"). The Company has complied with the applicable code provisions of the Corporate Governance Code, 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.

AUDIT COMMITTEE

The Company has established an audit committee ("Audit Committee") with specific written terms of reference. As at 31 December 2023, the Audit Committee consisted of three independent non-executive Directors, Mr. Li Jianxing, Professor Zhang Benzhen and Professor Chen Shu Wen. Mr. Li Jianxing, being an independent non-executive Director, is the chairman of the Committee. The Audit Committee's role and function includes making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor; review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; develop and implement policy on the engagement of an external auditor to supply non-audit services; monitor the integrity of financial statements, annual reports and accounts, half-yearly and quarterly reports of the Company, and review significant financial reporting judgments contained in them; review the Company's financial controls, internal control and risk management systems; and review the Group's financial and accounting policies, procedures and practices.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2023 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 such statements had complied with applicable accounting standards and that adequate disclosures had been made in respect thereof.

SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditors, CCTH CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2023. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by CCTH CPA Limited on the preliminary announcement.

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

Hong Kong, 22 March 2024

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 the independent non-executive Directors are Professor Zhang Benzhen, Mr. Li Jianxing, Professor Chen Shu Wen and Lee Kwun Kwan.

This announcement will remain on the "Latest Company Announcements" page of the website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its posting and on the Company's website at <http://www.sinofortune.hk>.