

TARGET

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**CHINA FORTUNE HOLDINGS LTD:
THE CHAIRMAN WOULD BE ADVISED TO THINK, CAREFULLY,
BEFORE PERMITTING UTTERANCES FROM HIS IMBECILIC MOUTH**

The Annual Report of China Fortune Holdings Ltd (中國長遠控股有限公司) (Code: 110, Main Board, The Stock Exchange of Hongkong Ltd), published and disseminated on or about Thursday, April 29, 2021, in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, indicated, at Page 88 of the 220-page Report, that the Company had recorded a Net Profit Attributable to Shareholders of \$HK219,000.00 (2019: Net Loss Attributable to Shareholders of [\$HK26,093,000.00]).

However, on scanning the Consolidated Statement of Comprehensive Income, one discovers that, in fact, the inclusion of '*Other Gains and Losses*', in the amount of \$HK11 million, had been the root cause of the Company's Management, having been able to state that its Bottom Line, in respect of the Financial Year, ended December 31, 2020, had been in the black.

At Note Nine to the Notes to the Consolidated Financial Statement, found at Page 161 of the 2020 Annual Report, it was stated that four separate items had resulted in the Company, recording gains, aggregating \$HK11,152,000.00.

These four items were, as follows:

<u>Nomenclature</u>	<u>Amount of Gain</u>
Recovery of impairment loss, recognised in respect of trade and other receivables	\$HK1,225,000.00
Gain on Disposal of Subsidiaries	\$HK3,125,000.00
Gain on Deemed Disposal of Subsidiaries	\$HK6,269,000.00
Government Grant*	<u>\$HK533,000.00</u>
TOTAL:	<u>\$HK11,152,000.00</u>

* Note:

The (HKSAR) Government Grant of \$HK533,000.00 (2019: \$HKNil) was obtained from the Employment Support Scheme ('ESS') under the Antiepidemic Fund, launched by the Hongkong SAR (Special Administrative Region) Government of the PRC for supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend the grant on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group did not have other unfulfilled obligations, relating to this programme.

With regard to the Revenue of China Fortune Holdings Ltd in respect of the 2020 Financial Year, it had decreased by about \$HK27,506,000.00, Year-On-Year, equivalent to about 25.36 percent, to \$HK80,949,000.00.

Just about all the business of the Company is trading in mobile telephones, representing 98.50 percent of the Total Revenue.

At Page 12 of the 2020 Annual Report, one was told:

'During the year ended 31 December 2020, revenue contribution from promotion of the mobile application to consumers was HK\$1.2 million, representing 1.5% of the total revenue of the Group, whereas mobile phone trading business contributed HK\$79.7 million or 98.5% of the total revenue of the Group. For the mobile phone trading business, revenue contribution from Shanghai, Hong Kong and Zhejiang was HK\$66.6 million, HK\$9.2 million and HK\$3.9 million respectively, representing 82.3%, 11.4% and 4.8% of the total revenue of the Group.'

The Financial Summary

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