ALLEN 亚伦®

CHINA CREATIVE GLOBAL HOLDINGS LIMITED
中 創 環 球 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1678

2019
Interim Report

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CORPORATE INFORMATION

CORPORATE PROFILE

China Creative Global Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group" or "China Creative Global") is one of the leading manufacturers of branded electric fireplaces and home decor products in the People's Republic of China (the "PRC"). The Group aims to create new and diversified products with artistic design and functionality to enhance the quality of users' surroundings that reflect their furnishing styles. The Group sells its products under the "Allen (亚伦)" brand in the PRC and also exports products to overseas customers in the United States, Canada, Germany, France, the United Kingdom, etc on ODM/OEM basis. The shares of the Company (the "Shares") were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 December 2013.

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Fanglin *(Chairman)*
Mr. Shen Jianzhong
Mr. Chen Jiang
Mr. Xu Qiang
Mr. Zheng Hebin
Mr. Lo Kei Wai Paul

Independent Non-executive Directors

Mr. Dai Jianping
Mr. Ng Wing Keung
Ms. Sun Kam Ching

AUDIT COMMITTEE

Mr. Ng Wing Keung *(Chairman)*
Mr. Dai Jianping
Ms. Sun Kam Ching

REMUNERATION COMMITTEE

Ms. Sun Kam Ching *(Chairman)*
Mr. Ng Wing Keung
Mr. Dai Jianping
Mr. Shen Jianzhong

NOMINATION COMMITTEE

Mr. Dai Jianping *(Chairman)*
Mr. Ng Wing Keung
Ms. Sun Kam Ching
Mr. Shen Jianzhong

COMPANY SECRETARY

Mr. Hui Hung Kwan, *CPA, FCCA*

AUTHORISED REPRESENTATIVES

Mr. Chen Fanglin
Mr. Hui Hung Kwan

AUDITORS

Zhonghui Anda CPA Limited
Certified Public Accountants
Unit 701, 7/F., Citicorp Centre
18 Whitfield Road
Causeway Bay, Hong Kong

PRINCIPAL BANKERS

China Merchants Bank, Quanxiu Branch
China Construction Bank, Licheng Branch
Industrial Bank

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A, 19th Floor,
Henan Electric Development Building
389 King's Road
North Point
Hong Kong

HEAD OFFICE IN THE PRC

Allen Electronic Industrial Park
Heshi
Luojiang District
Quanzhou
Fujian Province
China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

WEBSITE

www.cchome.hk

STOCK CODE

1678

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2019	2018	Change
	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)	
Revenue	**42,819**	60,961	-29.8
Gross profit	**14,768**	11,417	29.4
Loss before tax	**(212,866)**	(28,783)	639.6
Loss and total comprehensive loss for the period	**(213,259)**	(28,831)	639.7
Loss per share-Basic (RMB)[1]	**(0.10)**	(0.01)	900.0
Gross profit margin (%)	**34.5%**	18.7%	

	As at 30 June 2019	As at 31 December 2018
Current ratio[2]	**2.9**	7.1
Gearing ratio (%)[3]	**19.3**	8.6

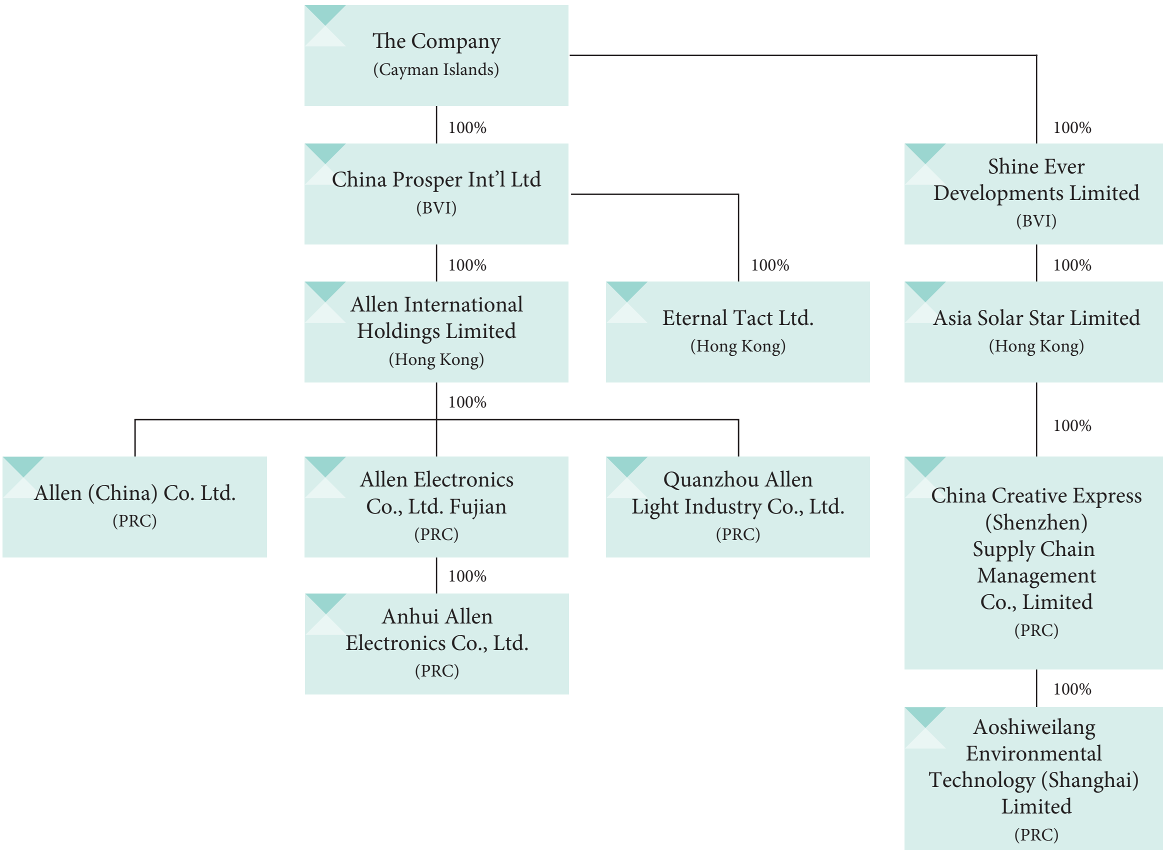
Notes:

1. Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

2. Current ratio is calculated based on the total current assets divided by the total current liabilities.

3. Gearing ratio calculated based on the total debts (being the borrowings) divided by the total equity.

Set out below is an organization chart of the Group as of 30 June 2019:



INDUSTRY REVIEW

The PRC's GDP for the first half of 2019 totaled to RMB45.1 trillion, a year-on-year expansion of 6.3%, demonstrating signs of the country's stabilized economic growth.

A gentle upward trend in the standard of living in the PRC which drives growth in consumer expenditure, is expected to endure. As recorded by National Bureau of Statistics of China, total retail sales of consumer goods in the first half of 2019 was RMB19,521.0 billion, representing a 8.4% year-on-year increase. These signify the takeoff of the rise in the PRC's domestic consumption, in line with its economic transition.

Information from the National Bureau of Statistics of China indicates that per capita disposable income in the PRC in the first half of 2019 was RMB15,294, representing an increase of 8.8% as compared with that of last year. Per capita consumption expenditure also increased 7.5% to RMB10,330, while the Engel coefficient, i.e. the proportion of income spent on food, continued to fall, indicating an increasing living standard in the country.

After rapid growth in previous two decades, the PRC has become the largest home furniture production base and exporter. With the growing wealth of the PRC population, people are more willing to purchase and replace home furnishing products. However, the home furnishing manufacturers in the PRC are much less concentrated than in other industries, posing pressures on many of the market players.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

China Creative Global is principally engaged in the business of design, development, manufacture and sales of home decor products and electric fireplaces. The Group sells its products domestically in PRC under its "Allen (亚伦)" brand and export its products on ODM/OEM basis to countries including the U.S., Canada, Germany, France and the U.K.

For the six months ended 30 June 2019, the Group's revenue decreased by 29.8% to RMB42.8 million from RMB61.0 million of the six months ended 30 June 2018 (the "corresponding period last year"). Loss for the period was increased by 640.6% to RMB213.3 million from RMB28.8 million for the corresponding period last year, which can be explained by increases in marketing and promotion expenses, research and development costs, and other operating expenses.

The Group's products are under two major categories, namely (1) electric fireplaces and air purifiers and (2) home decor products. Revenue distribution by the two categories for the six months ended 30 June 2019 was 46.2% and 53.8% respectively, and was 56.6% and 43.4% in the corresponding period last year.

Overseas markets are the major revenue generator of the Group, contributing to RMB25.4 million (2018: RMB35.8 million) or 59.3% (2018: 58.7%) to the total revenue for the six months ended 30 June 2019. Europe covered the largest share of products sales, contributing to RMB17.1 million (2018: RMB27.8 million) or 40.0% (2018: 45.6%) of the total sales for the six months ended 30 June 2019.

The domestic PRC market generated revenue of RMB17.4 million (2018: RMB25.2 million) for the six months ended 30 June 2019, representing 40.7% (2018: 41.3%) of the total revenue.

PROSPECTS

The economy of the PRC is anticipated to enter a steadier path with expansion in domestic consumption, posing a promising sales outlet for manufacturers. The Group has confidence in the PRC's future domestic buying power. As a leading brand in the home furnishing market in the PRC, it is in our clear vision to continue as consumers' top choice for home decor products and electric fireplaces.

The Group intends to expand its existing business by tapping into the development and manufacturing of fresh air system.

The Company has been actively looking for opportunities to maximise return to the Company and its shareholders by investing in businesses or projects that have promising outlooks and prospects.

Riding on its rich history, outstanding product development capacity and the reputation of "Allen (亚伦)" brand, the Group aims to optimize its business model and diversifying sources of income in the business of elegant electric fireplaces and distinctive home decor products, while developing high-tech and environment-friendly business segments.

FINANCIAL REVIEW

Revenue

During the reporting period, the Group's revenue decreased by RMB18.2 million from RMB61.0 million to RMB42.8 million, represented an decrease of 29.8% compared with the corresponding period in 2018. The decrease was mainly driven by a decrease in sales electric fireplaces and home decor products due to the lower market demand.

Revenue analysis by product type is as follows:

	Six months ended 30 June			
	2019		2018	
	RMB'000	% of revenue	RMB'000	% of revenue
Electric fireplaces				
Frame electric fireplaces				
– Wood series	**1,265**	**3.0**	3,119	5.1
Non-framed electric fireplaces	**3.431**	**8.0**	2,673	4.4
Heater	**9,089**	**21.2**	15,633	25.6
Others	**6,005**	**14.0**	13,076	21.5
	19,790	**46.2**	34,501	56.6
Home decor products				
– Polyresin series	**23,029**	**53.8**	26,460	43.4
	42,819	**100.0**	60,961	100.0

The decrease in the sales of electric fireplaces and home decor products was primarily due to the decrease in sales volume due to the lower market demand.

Gross Profit And Gross Profit Margin

The Group's gross profit increased by RMB3.4 million, or approximately 29.8%, from RMB11.4 million for the six months ended 30 June 2018 to RMB14.8 million for the six months ended 30 June 2019. The gross profit margin increased from 18.7% for the six months ended 30 June 2018 to 34.5% for the six months ended 30 June 2019. The increase was primarily due to the increase in the average selling prices.

Other Income

The Group's other income remained at RMB5.6 million for the six months ended 30 June 2018 and 2019.

Other Losses — Net

The Group's other losses for the six months ended 30 June 2019 represented net foreign exchange loss of RMB0.7 million, and loss on disposal/written-off of property, plant and equipment of RMB1.0 million. The losses for the six months ended 30 June 2018 represented net foreign exchange loss of RMB3.0 million.

Selling And Distribution Costs

The Group's selling and distribution costs increased by RMB120.4 million, or approximately 63.4 times, from RMB1.9 million for the six months ended 30 June 2018 to RMB122.3 million for the six months ended 30 June 2019 primarily due to the increase in advertising and promotion expenses.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased by RMB68.8 million, or approximately 220.5%, from RMB31.2 million for the six months ended 30 June 2018 to RMB100.0 million for the six months ended 30 June 2019. The increase was mainly due to (i) the increase in staff costs; (ii) the increase in research and development costs; and (iii) the increase in other operating expenses.

Finance Costs

The Group's finance costs decreased by RMB0.5 million, or approximately 5.2%, from RMB9.7 million for the six months ended 30 June 2018 to RMB9.2 million for the six months ended 30 June 2019. The decrease was mainly due to the decrease in the net foreign exchange loss on borrowings denominated in HKD.

Income Tax Expenses

The Group's income tax expenses increased by RMB0.35 million, or approximately 7.0 times, from RMB0.05 million for the six months ended 30 June 2018 to RMB0.4 million for the six months ended 30 June 2019.

Loss for the Period

As a result of the foregoing factors, loss for the period increased by RMB184.5 million, or approximately 640.6%, from RMB28.8 million for the six months ended 30 June 2018 to RMB213.3 million for the six months ended 30 June 2019, primarily as a result of the increase in marketing and promotion expenses, research and development costs, staff costs and other operating expenses.

Working Capital

The Group's net current assets decreased from RMB1,193.3 million as at 31 December 2018 to RMB687.2 million as at 30 June 2019, representing a decrease of RMB506.1 million or 42.4%. The decrease in working capital is a result of the decrease in trade receivables, deposits, prepayments and other receivables and bank and cash balances, and partially offset by the increase in inventories and borrowings.

Financial Ratios

	At 30 June 2019	At 31 December 2018
Current ratio[1]	**2.9**	7.1
Gearing ratio (%)[2]	**19.3%**	8.6%

(1) Current ratio is calculated based on our total current assets divided by our total current liabilities.

(2) Gearing ratio calculated based on our total debts (being our bank borrowings) divided by our total equity.

Use Of Proceeds

The Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 December 2013. Net proceeds from the global offering were approximately HKD597.2 million (after deducting the underwriting commission and relevant expenses). As at 30 June 2019, the unused proceeds were deposited in licensed banks in the PRC.

	Percentage to total amount	Net Proceeds HKD' million	Utilised Amount as at 30 June 2019 HKD' million	Unutilised Amount as at 30 June 2019 HKD' million
Establishing new production facilities	53.7%	320.7	320.7	—
Establishing seven creative home furnishing concept shops	16.0%	95.6	36.8	58.8
Expanding overseas sales network under our own brand overseas	7.3%	43.6	12.9	30.7
Own-brand promotion	7.0%	41.8	41.8	—
Increasing and enhancing our research and development activities	6.0%	35.8	35.8	—
General working capital	10.0%	59.7	59.7	—
		597.2	507.7	89.5

LIQUIDITY AND FINANCIAL RESOURCES

In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in RMB, HKD and USD. As at 30 June 2019, the Group had net current assets of RMB687.2 million (31 December 2018: RMB1,193.3 million), of which bank and cash balances were RMB573.8 million (31 December 2018: RMB889.8 million).

The Group principally meets its working capital and other liquidity requirements through a combination of operating cash flows, capital contributions and bank borrowings. As at 30 June 2019, the Group's bank and other borrowings amounted to RMB336.3 million (31 December 2018: RMB168.6 million) and these bank and other borrowings were denominated in RMB and HKD. As at 30 June 2019, the effective interest rate on the Group's bank borrowings was 6.59% (31 December 2018: 8.19%).

The Group manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustment to the capital structure in light of changes in economic conditions affecting the Group.

The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 June 2019.

CAPITAL EXPENDITURE

For the six months ended 30 June 2019, the capital expenditure of the Group amounted to RMB75,000. It was mainly comprised of property, plant and equipment.

MATERIAL ACQUISITION AND DISPOSALS AND SIGNIFICANT INVESTMENTS

The Group did not have any material investments or capital assets, or material acquisitions or disposals of subsidiaries or significant investments for the six months ended 30 June 2019.

MANAGING CURRENCY RISK

Our functional currency is RMB. Our Group's foreign exchange risk mainly relate to fluctuations in exchange rates of RMB against our bank balances in USD and HKD and trade receivables denominated in USD, and these may affect our operation results. The Group does not have a hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CHARGE ON ASSETS

At 30 June 2019, the Group had pledged its certain property, plant and equipment, investment property, right-of-use assets and bank deposits with aggregate net book value of approximately RMB224.6 million mainly for the purpose of securing bank loans and bills payables.

HUMAN RESOURCES

As at 30 June 2019, we employed a total of 683 (as at 31 December 2018: 819) full time employees in the PRC and Hong Kong with total staff costs of RMB38.8 million for the six months ended 30 June 2019 (six months ended 30 June 2018: RMB22.3 million). The Group's emolument policies are formulated based on the performance of individual employee which will be reviewed periodically. Apart from the provident fund scheme (operation in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or social insurance fund (including retirement pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance for the PRC employees), discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance. Since the adoption of the share option scheme on 2 December 2013 and up to 30 June 2019, no options have been granted.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any significant contingent liabilities.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the interests and short positions of the Directors of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listing Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") will be as follows:

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate Percentage of Shareholding Interest (%)
Mr. Chen Fanglin	Interest in controlled corporation/ Long position (Note 1)	1,086,725,180	50.08%
	Beneficial owner/Long position	166,000	0.01%
	Interest of spouse/Long position (Note 2)	1,886,000	0.09%
		1,088,777,180	50.18%

Note 1: Mr. Chen Fanglin is deemed to be interested in the Shares held by China Wisdom Asia Limited in which Central Profit Group Limited holds entire interests. Central Profit Group Limited is his wholly-owned company. The details are set out as below:

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of Shares	Approximate Percentage of Shareholding Interests (%)
Mr. Chen Fanglin	China Wisdom Asia Limited	Interest in controlled corporation	50,000 shares of US$1.00 each	100%
Mr. Chen Fanglin	Central Profit Group Limited	Beneficial owner	one share of US$1.00	100%

Note 2: Chen Fanglin is the spouse of Chen Xiangqun and he is deemed to be interested in the Shares interested by Chen Xiangqun.

Save as disclosed above, none of the Directors of the Company had interests or short positions in the Shares, underlying Shares of equity derivatives or debentures of the Company or any associated corporation defined under the SFO which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2019.

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Saved as disclosed in this report, at no time from the Listing Date up to the date of this report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2019, the following persons (other than a Director of the Company), who had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate Percentage of Shareholding Interest (%)
China Wisdom Asia Limited	Beneficial owner/Long position (Note 1)	1,086,725,180	50.08
Central Profit Group Limited	Interest in controlled corporation/ Long position (Note 1)	1,086,725,180	50.08
Chen Xiangqun	Interest of spouse/Long position (Note 2)	1,086,891,180	50.09
	Beneficial owner/Long position	1,886,000	0.09
GR Capital Holdings Limited	Beneficial owner/Long position	163,822,000	7.54

Notes:

1. The entire issued share capital of China Wisdom Asia Limited is held by Central Profit Group Limited, which is deemed to be interested in the Shares held by China Wisdom Asia Limited.

2. Chen Xiangqun is the spouse of Chen Fanglin and she is deemed to be interested in the Shares interested by Chen Fanglin.

Save as disclosed above, the Directors are not aware of any person, other than the Directors whose interests are set out in the section "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, who had an interest or short positions in the Shares or underlying Shares that were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded pursuant to Section 336 of Part XV of the SFO as of 30 June 2019.

SHARE OPTION SCHEME

Pursuant to a resolution passed by all the shareholders on 2 December 2013, the Company has conditionally adopted the share option scheme (the "Share Option Scheme") for the purpose of recognising and acknowledging the contributions the eligible participants had or may have made to the Group. The Board of Directors (the "Board") may, at its discretion, grant options pursuant to the Share Option Scheme to the Directors (including executive Directors and independent non-executive Directors), the Directors of the Company's subsidiaries and employees of the Group and any other persons (including consultants or advisers) whom the Board considers, in its absolute discretion, have contributed or will contribute to the Group. The Directors were authorised to grant options to subscribe for shares of the Company and to allot, issue and deal with the shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue immediately following completion of the Global Offering, being 180,000,000 Shares, excluding any shares that may be issued under the options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company), unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time.

Unless otherwise approved by the shareholders of the Company in general meeting, the number of shares that may be granted to an eligible participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 1% of the shares in issue of the Company within any 12-month period. Any grant of options to a Director, or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by our independent non-executive Directors. Unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules, the number of shares that may be granted to a substantial shareholder or any independent non-executive Director or their respective associates under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 0.1% of the shares in issue, having an aggregate value in excess of HKD5 million, within any 12-month period.

There is no minimum period for which an option must be held before it can be exercised, and the period during which an option may be exercised will be determined by the Board in its absolute discretion, however, no options shall be exercised 10 years after they have been granted. The subscription price of a share in respect of a particular option shall be not less than the highest of (a) the official closing price of the Shares on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

From the date that the Share Option Scheme became effective and unconditional and up to the date of this interim report, no share options were granted under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of the shares during the six months ended 30 June 2019. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's securities during the six months ended 30 June 2019.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2019, the Company complied with the code provisions of the Corporate Governance Code (the "Code Provisions") set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Specific enquiries have been made with the Directors, and all Directors confirmed in writing that they have complied with the required standards set out in the Model Code regarding their securities transactions for the six months ended 30 June 2019.

AUDIT COMMITTEE

The Company has established the audit committee and adopted the written terms of reference in compliance with the Code Provisions. The primary duties of the audit committee are to review and approve the Group's financial reporting process and internal control system. The audit committee comprises all independent non-executive Directors, namely, Mr. Ng Wing Keung, Mr. Dai Jianping and Ms. Sun Kam Ching. Mr. Ng Wing Keung is the chairman of the audit committee.

The Group's interim results for the six months ended 30 June 2019 and this interim report have been reviewed by the audit committee of the Company.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	4	**42,819**	60,961
Cost of sales		**(28,051)**	(49,544)
Gross profit		**14,768**	11,417
Other income	6	**5,598**	5,575
Other losses — net	7	**(1,724)**	(3,004)
Selling and distribution expenses		**(122,314)**	(1,877)
Administrative and other operating expenses		**(100,027)**	(31,229)
Reversal of loss allowance for trade receivables		**20**	—
Loss from operations		**(203,679)**	(19,118)
Finance costs		**(9,187)**	(9,665)
Loss before tax		**(212,866)**	(28,783)
Income tax expense	8	**(393)**	(48)
Loss and total comprehensive loss for the period	9	**(213,259)**	(28,831)
Loss per share	10		
Basic (RMB)		**(0.10)**	(0.01)
Diluted (RMB)		**(0.10)**	(0.01)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	**482,881**	495,010
Investment property		**70,300**	70,300
Land use rights		**—**	174,990
Right-of-use assets		**177,350**	—
Goodwill and intangible asset		**5,721**	6,154
Deposits, prepayments and other receivables	13	**335,266**	32,104
		1,071,518	778,558
Current assets			
Land use rights		**—**	3,981
Inventories		**19,164**	7,367
Trade receivables	14	**46,582**	55,894
Deposits, prepayments and other receivables	13	**411,478**	432,364
Pledged bank deposits		**2,400**	—
Bank and cash balances		**573,826**	889,760
		1,053,450	1,389,366
Current liabilities			
Trade and other payables	15	**32,353**	30,528
Lease liabilities		**372**	—
Borrowings	16	**327,364**	159,724
Current tax liabilities		**6,187**	5,794
		366,276	196,046
Net current assets		**687,174**	1,193,320
Total assets less current liabilities		**1,758,692**	1,971,878
Non-current liabilities			
Borrowings	16	**8,963**	8,890
Deferred tax liabilities		**6,133**	6,133
		15,096	15,023
NET ASSETS		**1,743,596**	1,956,855
Capital and reserves			
Share capital		**171**	171
Reserves		**1,743,425**	1,956,684
TOTAL EQUITY		**1,743,596**	1,956,855

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Share capital RMB'000 (Unaudited) (Note 18)	Share premium RMB'000 (Unaudited) (Note 18)	Capital reserve RMB'000 (Unaudited)	Statutory reserves RMB'000 (Unaudited)	Retained earnings RMB'000 (Unaudited)	Revaluation reserve RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2018 (audited)	164	702,809	406,736	144,178	832,703	1,642	2,088,232
Loss and total comprehensive loss for the period	—	—	—	—	(28,831)	—	(28,831)
Issue of new shares	7	14,509	—	—	—	—	14,516
At 30 June 2018 (unaudited)	171	717,318	406,736	144,178	803,872	1,642	2,073,917
At 1 January 2019	171	717,318	406,736	144,178	686,810	1,642	1,956,855
Loss and total comprehensive loss for the period	—	—	—	—	(213,259)	—	(213,259)
At 30 June 2019 (unaudited)	171	717,318	406,736	144,178	473,551	1,642	1,743,596

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	**(382,762)**	15,786
Cash flows from investing activities		
Increase in pledged bank deposits	**(2,400)**	—
Purchases of property, plant and equipment	**(75)**	(194)
Prepayments for construction cost	**(163,475)**	(7,352)
Proceeds from disposal of property, plant and equipment	**90**	—
Proceeds from disposal of assets classified as held for sale	**46,085**	183,375
Proceeds from disposal of a land use right	**17,353**	—
Interest received	**2,082**	2,059
Net cash (used in)/generated from investing activities	**(100,340)**	177,888
Cash flows from financing activities		
Proceeds from borrowings	**199,330**	30,000
Repayments of borrowings	**(32,163)**	(18,000)
Net cash generated from financing activities	**167,167**	12,000
Net (decrease)/increase in cash and cash equivalents	**(315,935)**	205,674
Cash and cash equivalents at beginning of period	**889,760**	777,201
Exchange gains on cash and cash equivalents	**1**	10
Cash and cash equivalents at end of period	**573,826**	982,885
Analysis of cash and cash equivalents		
Bank and cash balances	**573,826**	982,885

1. GENERAL INFORMATION

China Creative Global Holdings Limited (the "Company") was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The Company and its subsidiaries collectively referred to as the Group. The principal activities of its subsidiaries are engaged in the business of design, development, manufacturing and sales of home decor products and electric fireplaces primarily in the People's Republic of China (the "PRC").

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise stated.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the 2018 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2018 except as stated below.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land use rights	2%–2.5%
Land and buildings	50%

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current period and prior years.

HKFRS 16

The Group was initially applied HKFRS 16 "Leases" with effect from 1 January 2019 and has taken transitional provisions and methods not to restate comparative information for prior period.

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under HKAS 17 "Leases", resulted in changes in the consolidated amounts reported in the financial statement as follows:

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

	1 January 2019 RMB'000
At 1 January 2019:	
Increase in right-of-use assets	**179,521**
Increase in lease liabilities	**(550)**
Decrease in land use rights	**(178,971)**

The reconciliation of operating lease commitment to lease liabilities as at 1 January 2019 is set out below:

	RMB'000
Operating lease commitment at 31 December 2018:	**1,190**
Less:	
Commitment relating to leases with a remaining lease term ending on or before 30 June 2019	**(591)**
Discounting	**(49)**
Lease liabilities as at 1 January 2019	**550**

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. REVENUE

The Group manufactures and sells electric fireplaces, air purifiers, home decor products and humidifiers to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 60 to 90 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Disaggregation of revenue from contracts with customers:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Major products		
Electric fireplaces and air purifiers	**19,790**	34,501
Home decor products	**23,029**	26,460
	42,819	60,961
Geographical markets		
PRC	**17,454**	25,200
France	**15,983**	27,837
America	**8,267**	4,878
Others	**1,115**	3,046
	42,819	60,961
Timing of revenue recognition		
At a point in time	**42,819**	60,961

5. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The chief operating decision-maker is identified as the executive directors of the Company. The executive directors consider the business from a product perspective and assess the performance of the operating segments based on a measure of revenue and segment results.

The Group has two reportable segments as follows:

Electric fireplaces and air purifiers — Design, development, manufacturing and sales of electric fireplaces and air purifiers

Home decor products — Design, development, manufacturing and sales of home decor products and humidifiers

5. SEGMENT INFORMATION (continued)

Other activities primarily relate to holding corporate assets and liabilities. Corporate assets and liabilities mainly include investment property, plant and equipment, right-of-use assets and land use rights for corporate use. These activities are excluded from the reportable operating segments.

Segment assets consist primarily of certain property, plant and equipment, right-of-use assets, land use rights, inventories, trade receivables, deposits, prepayments and other receivables and cash and cash equivalents. Investment property and other assets for corporate functions are grouped under "others".

Segment liabilities consist primarily of trade and other payables. They exclude current tax liabilities, deferred tax liabilities, borrowings and other liabilities for corporate functions are grouped under "others".

All non-current assets of the Group are located in the PRC.

Information about reportable segment profit or loss, assets and liabilities:

	Electric fireplaces and air purifiers RMB'000 (Unaudited)	Home decor products RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
For the six months ended 30 June 2019				
Segment revenue				
— PRC	5,100	12,576	—	17,676
— International	14,845	10,520	—	25,365
	19,945	23,096	—	43,041
Less: Inter-segment revenue	(155)	(67)	—	(222)
Revenue from external customers	19,790	23,029	—	42,819
Segment results	(159,120)	(32,733)	(11,589)	(203,442)
Unallocated expense				(237)
Finance costs				(9,187)
Loss before tax				(212,866)
Income tax expense				(393)
Loss for the period				(213,259)
Other segment items:				
Additions to:				
Property, plant and equipment	75	—	—	75
Depreciation and amortisation	12,763	996	320	14,079
Interest income	1,688	394	—	2,082

5. SEGMENT INFORMATION (continued)

	Electric fireplaces and air purifiers RMB'000 (Unaudited)	Home decor products RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
For the six months ended 30 June 2018				
Segment revenue				
— PRC	6,771	18,607	—	25,378
— International	27,837	7,924	—	35,761
	34,608	26,531	—	61,139
Less: Inter-segment revenue	(107)	(71)	—	(178)
Revenue from external customers	34,501	26,460	—	60,961
Segment results	(15,575)	2,165	(5,448)	(18,858)
Unallocated expense				(260)
Finance costs				(9,665)
Loss before tax				(28,783)
Income tax expense				(48)
Loss for the period				(28,831)
Other segment items:				
Additions to:				
Intangible assets	15,126	—	—	15,126
Property, plant and equipment	194	—	—	194
Depreciation and amortisation	15,641	562	260	16,463
Interest income	1,749	310	—	2,059
As at 30 June 2019 (Unaudited)				
Segment assets	1,276,222	442,875	405,871	2,124,968
Segment liabilities	21,791	5,744	353,837	381,372
As at 31 December 2018 (Audited)				
Segment assets	1,523,509	390,626	253,789	2,167,924
Segment liabilities	17,170	7,650	186,249	211,069

For the six months ended 30 June 2019, there are two individual external customers which contributed 41% and 29% of the Group's revenue.

For the six months ended 30 June 2018, there are two individual external customers which contributed 46% and 20% of the Group's revenue.

6. OTHER INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	**2,082**	2,059
Rental income	**3,516**	3,516
	5,598	5,575

7. OTHER LOSSES — NET

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net foreign exchange losses	**664**	3,004
Loss on disposal/written-off of property, plant and equipment	**1,060**	—
	1,724	3,004

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax — PRC Enterprise Income Tax:		
Provision for the year	**—**	89
Withholding tax	**393**	—
	393	89
Deferred income tax	**—**	(41)
Income tax expense	**393**	48

8. INCOME TAX EXPENSE (continued)

(i) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands.

(ii) Hong Kong profits tax

No provision for taxation in Hong Kong has been made as the Group did not have any assessable profit arising from Hong Kong for both years.

(iii) PRC enterprise income tax ("EIT")

Under the Enterprise Income Tax Law of the PRC (the "New EIT Law"), the applicable income tax rate for the Group's entities in the PRC, except for Allen Electronics Co., Ltd. Fujian and Allen Electronics Co., Ltd. Anhui, is 25%.

Pursuant to the New EIT Law, with respect to a new and high technology enterprise, the tax levied on its income will be charged at a preferential rate of 15% after obtaining the High New Technology Enterprise Certificate (the "Certificate") and completing the tax reduction and exemption filing with the tax authorities. Allen Electronics Co., Ltd. Fujian obtained the Certificate on 5 September 2013 and renewed the Certificate on 1 December 2016. The Certificate will expire on 30 November 2019. Allen Electronics Co., Ltd. Anhui obtained the Certificate on 17 November 2017 and will expire on 7 November 2020.

(iv) Withholding tax on distributed profits

Pursuant to the New EIT Law, a 10% withholding tax is levied on dividends declared by PRC companies to their foreign investors. A lower withholding tax rate of 5% is applicable if direct foreign investors with at least 25% equity interest in the PRC company are incorporated in Hong Kong and meet the relevant requirements pursuant to the tax arrangement between the PRC and Hong Kong. Since the equity holder of the PRC subsidiaries of the Company is a Hong Kong incorporated company, the Company has used 5% to provide for deferred tax liabilities on retained earnings which are anticipated to be distributed as at 30 June 2019 and 31 December 2018.

9. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**27,717**	34,199
Depreciation of property, plant and equipment	**11,054**	13,258
Depreciation of right-of-use assets	**2,592**	—
Amortisation of land use rights	**—**	1,990
Amortisation of intangible asset	**433**	1,215
Advertising and promotion expenses	**119,539**	—
Operating lease expenses in respect of office premises	**—**	886
Staff costs (including directors' remuneration):		
Salaries, bonuses and allowances	**34,918**	19,921
Retirement benefit scheme contributions	**3,841**	2,353
	38,759	22,274

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss of approximately RMB213,259,000 (For the six months ended 30 June 2018: RMB28,831,000) for the period attributable to owners of the Company and the weighted average number of 2,170,000,000 (For the six months ended 30 June 2018: 2,154,000,000) ordinary shares in issue during the six months ended 30 June 2019.

Diluted loss per share

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the six months ended 30 June 2019 and 2018.

11. DIVIDENDS

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

12. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the six months ended 30 June 2019, the Group acquired property, plant and equipment of approximately RMB75,000 (Six months ended 30 June 2018: RMB194,000).

In addition, during the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB1,237,000 (Six months ended 30 June 2018: Nil) for a total consideration of approximately RMB180,000 (Six months ended 30 June 2018: Nil) and had been settled by cash of approximately RMB90,000 during the current interim period (Six months ended 30 June 2018: Nil).

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Current		
Deposits and prepayments	**729**	1,676
Prepayment for advertising and promotion (Note (a))	**104,470**	72,009
Receivables for disposal of assets classified as held for sale (Note (b))	**8,125**	54,210
Receivables for disposal of a land use right (Note (c))	**—**	17,353
Receivable for termination of commercial buildings (Note (d))	**247,200**	237,500
Prepayments for property, plant and equipment and land use rights (Note (e))	**49,000**	49,000
Accrued rental income	**738**	524
Others	**1,216**	92
	411,478	432,364
Non-current		
Receivable for termination of commercial buildings (Note (d))	**—**	12,500
Prepayments for construction costs	**183,079**	19,604
Prepayment for technical services (Note (f))	**152,187**	—
	335,266	32,104

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (continued)

Notes:

(a) During the six months ended 30 June 2019 and the year ended 31 December 2018, the Group entered into certain advertising and promotion agreements with several service providers in order to expand the PRC market, promote new products and stimulate sales.

(b) During the year ended 31 December 2017, certain assets classified as held for sale amounting to RMB89,752,000 have been resumed by the local government of Quanzhou and was reclassified as other receivables. As at 31 December 2018, the compensation amounting to RMB54,210,000 has not yet been received by the Group. During the six months ended 30 June 2019, the Group had received RMB46,085,000.

(c) On 31 October 2017, the Group entered into a sales and purchase agreement with a related party to sell a land use right with a consideration of RMB17,353,000 in Quanzhou, the PRC and the balance has not yet been received by the Group as at 31 December 2018. The amount is unsecured, non-interest bearing, denominated in RMB and approximate the fair value. During the six months ended 30 June 2019, the Group had received RMB17,353,000.

(d) The balance represents the prepayment to purchase commercial buildings and the respective land use rights from an independent third party ("the developer") with a consideration of RMB272,360,000 on 23 November 2015. As at 31 December 2018, the construction of the commercial buildings has not yet been completed. On 12 March 2019, the Group entered into a termination agreement with the developer that RMB237,500,000 and RMB12,500,000 are scheduled to be refunded to the Group in year 2019 and 2020 respectively. The Group was assessed the prepayment of RMB22,360,000 to be unrecoverable and impairment has been made and reflected in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2018. During the six months ended 30 June 2019, the Group had received RMB2,800,000.

(e) On 28 November 2014, the Group entered into a sales and purchase agreement ("the agreement") with an independent third party ("the seller") to purchase certain land use rights and buildings in Quanzhou, the PRC, with a total consideration of RMB98,000,000. On 3 December 2014, the Group paid RMB49,000,000 as a prepayment to the seller.

During the six months ended 30 June 2019, the Group is still in negotiation with the seller and the local government on the transferral of land use rights certificate.

(f) During the six months ended 30 June 2019, the Group entered into a technical services agreement with an independent third party for analysis and test service in the PRC, with a total consideration of RMB250,000,000. The Group paid RMB160,000,000 as a prepayment to the seller.

14. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 60 to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Trade receivables	**48,732**	58,064
Provision for loss allowance	**(2,150)**	(2,170)
	46,582	55,894

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
0–30 days	**14,918**	9,364
31–60 days	**16,319**	13,082
61–90 days	**2,436**	7,859
Over 90 days	**12,909**	25,589
	46,582	55,894

15. TRADE AND OTHER PAYABLES

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Trade payables	**17,602**	14,997
Bills payables	**900**	—
Other tax payable	**469**	1,876
Salary and welfare payables	**4,473**	4,589
Retention fee payables	**2,790**	2,790
Interest payables	**2,279**	2,244
Others	**3,840**	4,032
	32,353	30,528

As at 30 June 2019, RMB900,000 of bank deposits were pledged to a bank to secure bills payables granted to the Group.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
0–30 days	**6,370**	3,687
31–60 days	**5,468**	2,235
61–90 days	**4,067**	3,662
Over 90 days	**1,697**	5,413
	17,602	14,997

16. BORROWINGS

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Bonds (Note (a))	**136,997**	138,614
Bank borrowings (Note (b))	**199,330**	30,000
	336,327	168,614

16. BORROWINGS (continued)

An analysis of the Group's borrowings into principal amounts is as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
On demand or within one year	**327,364**	159,724
In the third to fifth years, inclusive	**8,963**	8,890
	336,327	168,614
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(327,364)**	(159,724)
Amount due for settlement after 12 months	**8,963**	8,890

Notes:

(a) Bonds comprise principal amounts of:

(i) HKD7,000,000 (approximately RMB5,762,000) due in 2023 issued by the Company to an independent third party in March 2016. The bond is unsecured and bears interest at a fixed rate of 6% per annum;

(ii) HKD145,700,000 (approximately RMB128,034,000) due in 2020 issued by the Company to independent third parties in April 2016. The bond is unsecured and bears interest at a fixed rate of 7% per annum; and

(iii) HKD4,000,000 (approximately RMB3,201,000) due in 2023 issued by the Company to an independent third party in July 2016. The bond is unsecured and bears interest at a fixed rate of 6% per annum.

(b) As at 30 June 2019 and 31 December 2018, the bank borrowings are either repayable within one year or repayable on demand and with fixed interest rate. The carrying amounts of the Group's bank borrowings approximate their fair values due to short maturity date.

As at 30 June 2019, the Group's bank borrowings were secured by property, plant and equipment with aggregate net book value of approximately RMB62,391,000 (31 December 2018: Nil).

As at 30 June 2019, the Group's bank borrowings were secured by right-of-use assets (31 December 2018: land use rights) with aggregate net book value of approximately RMB89,485,000 (31 December 2018: RMB71,260,000).

As at 30 June 2019, the carrying amount of investment property pledged as security for the Group's bank borrowings amounted to approximately RMB70,300,000 (31 December 2018: Nil).

As at 30 June 2019, the bank deposits pledged as security for the Group's bank borrowings amounted to approximately RMB1,500,000 (31 December 2018: Nil).

As at 30 June 2019, the weighted average interest rate of the Group's borrowings is 6.59% (31 December 2018: 8.19%).

17. COMMITMENTS

Capital expenditure contracted for at the end of the period but not yet incurred is as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Contracted but not provided for		
— Land use rights and property, plant and equipment	**145,023**	55,248
— Technical services	**90,000**	—
	235,023	55,248

18. RELATED PARTY TRANSACTIONS

As at 30 June 2019, the Group is controlled by China Wisdom Asia Limited (incorporated in the British Virgin Islands (the "BVI")), which owns 50% of the Company's shares. The remaining 50% of the shares are widely held. The ultimate parent of the Group is Central Profit Group Limited (incorporated in the BVI). The ultimate controlling party of the Group is Mr. Chen Fanglin.

Key management compensation

Key management includes directors and other key management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Directors' fees	**855**	633
Basic salaries, housing allowances, other allowances and benefits in kind	**17,906**	1,716
Social security and pension costs	**1,970**	656
	20,731	3,005

19. EVENT AFTER REPORTING PERIOD

As at the approval date on these condensed consolidated financial statements, the Group had no significant event after the reporting period which need to be disclosed.

20. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the directors on 30 August 2019.