



中國鼎益豐控股有限公司

CHINA DING YI FENG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 00612



INTERIM RESULTS

The Board (the “Board”) of Directors (the “Directors”) of China Ding Yi Feng Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2019 (the “period”), together with comparative figures for the corresponding period in 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
Revenue	4	603,022	36,337,968
Net realised gain (loss) on disposal of financial assets at fair value through profit or loss		6,858,260	(4,624,798)
Net unrealised (loss) gain on financial assets at fair value through profit or loss		(137,238,802)	15,271,816
Net realised gain on settlement of futures contracts		—	8,622,797
Unrealised loss from changes in fair value of futures contracts		—	(23,653,500)
		(129,777,520)	31,954,283
Net gain on disposals of subsidiaries		—	32,000,100
Administrative expenses		(45,489,740)	(44,940,089)
Finance costs	6	(18,476,568)	(12,961,040)
(Loss) profit before tax	7	(193,743,828)	6,053,254
Income tax credit	8	19,464,832	—
(Loss) profit for the period attributable to owners of the Company		(174,278,996)	6,053,254
(Loss) earnings per share	10		
— Basic (HK cents)		(14.10)	0.50
— Diluted (HK cents)		(14.10)	0.49

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
(Loss) profit for the period attributable to owners of the Company	(174,278,996)	6,053,254
Other comprehensive income (expense)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(3)	12,334
<i>Item that will not be reclassified to profit or loss:</i>		
Reclassification of investment revaluation reserve upon disposal of subsidiaries	—	34,949,701
Other comprehensive (expense) income for the period, net of tax	(3)	34,962,035
Total comprehensive (expense) income for the period attributable to owners of the Company	(174,278,999)	41,015,289

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	30 June 2019 HK\$ (unaudited)	31 December 2018 HK\$ (audited)
Non-current assets			
Property, plant and equipment	11	9,408,162	7,487,541
Intangible assets	12	13,300,752	10,228,403
Equity instruments at fair value through other comprehensive income	13	2,122,501	2,302,207
Rental deposit	14	—	5,726,351
		24,831,415	25,744,502
Current assets			
Prepayments, deposits and other receivables	14	22,909,091	261,724,420
Financial assets at fair value through profit or loss	15	147,490,122	226,126,899
Cash and cash equivalents		322,791,375	304,217,191
		493,190,588	792,068,510
Current liabilities			
Accruals and other payables		15,312,148	18,236,881
Borrowings	16	157,564,516	210,944,796
		172,876,664	229,181,677
Net current assets		320,313,924	562,886,833

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	30 June 2019 HK\$ (unaudited)	31 December 2018 HK\$ (audited)
Total assets less current liabilities		345,145,339	588,631,335
Non-current liabilities			
Borrowings	16	175,337,714	200,345,439
Deferred tax liabilities	17	—	19,464,832
		175,337,714	219,810,271
Net assets		169,807,625	368,821,064
Capital and reserve			
Share capital	18	61,836,100	61,836,100
Reserves		107,971,525	306,984,964
Total equity		169,807,625	368,821,064
Net asset value per share	10	0.14	0.30

The condensed consolidated financial statements on pages 2 to 44 were approved and authorised for issue by the Board of Directors on 20 August 2019 and are signed on its behalf by:

Luk Hong Man, Hammond
Executive Director

Zhang Xi
Executive Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Share capital HK\$	Share premium HK\$	Exchange reserve HK\$	Share option reserve HK\$	Capital reserve HK\$	Investment revaluation reserve HK\$	Accumulated losses HK\$	Total HK\$
At 1 January 2019 (audited)	61,836,100	575,477,140	18,340	9,609,749	65,157,684	537,501	(343,815,450)	368,821,064
Loss for the period	-	-	-	-	-	-	(174,278,996)	(174,278,996)
Other comprehensive expense for the period:								
Exchange differences arising on translation of foreign operations	-	-	(3)	-	-	-	-	(3)
Total comprehensive expense for the period	-	-	(3)	-	-	-	(174,278,996)	(174,278,999)
Transfer of investment revaluation reserve upon disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(215,000)	215,000	-
Dividend declared (note 9)	-	-	-	-	-	-	(24,734,440)	(24,734,440)
At 30 June 2019 (unaudited)	61,836,100	575,477,140	18,337	9,609,749	65,157,684	322,501	(542,613,886)	169,807,625
At 1 January 2018 (audited)	60,886,100	382,251,415	15,644	9,725,554	65,157,684	(34,949,701)	(437,537,848)	45,548,848
Profit for the period	-	-	-	-	-	-	6,053,254	6,053,254
Other comprehensive income for the period:								
Exchange differences arising on translation of foreign operations	-	-	12,334	-	-	-	-	12,334
Reclassification of investment revaluation reserve upon disposals of subsidiaries	-	-	-	-	-	34,949,701	-	34,949,701
Total comprehensive income for the period	-	-	12,334	-	-	34,949,701	6,053,254	41,015,289
Share options lapsed	-	-	-	(115,805)	-	-	115,805	-
At 30 June 2018 (unaudited)	60,886,100	382,251,415	27,978	9,609,749	65,157,684	-	(431,368,789)	86,564,137

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
Operating activities			
(Loss) profit before tax		(193,743,828)	6,053,254
Adjustments for:			
Depreciation of property, plant and equipment	11	3,088,335	2,774,646
Interest income	4	(332,862)	(9,096)
Dividend income	4	(270,160)	(36,328,872)
Interest expense	6	18,476,568	12,961,040
Loss on written off of property, plant and equipment	11	84,444	—
Net gain on disposals of subsidiaries		—	(32,000,100)
Net realised (gain) loss on disposal of financial assets at fair value through profit or loss		(6,858,260)	4,624,798
Net unrealised loss (gain) on financial assets at fair value through profit or loss		137,238,802	(15,271,816)
Net realised gain on settlement of futures contracts		—	(8,622,797)
Unrealised loss from changes in fair value of futures contracts		—	23,653,500

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
Operating cash flows before movements in working capital	(42,316,961)	(42,165,443)
Decrease (increase) in prepayments, deposits and other receivables	244,541,680	(258,643,563)
(Decrease) increase in accruals and other payables	(6,767,767)	8,998,422
Net cash inflows from settlement of futures contracts	—	8,622,797
Proceeds on disposals of financial assets at fair value through profit or loss	46,263,060	13,657,696
Purchase of financial assets at fair value through profit or loss	(98,595,754)	(16,782,575)
Purchase of available-for-sale financial assets	—	(1,764,706)
Net cash from (used in) operating activities	143,124,258	(288,077,372)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
Investing activities		
Interest received	332,862	9,096
Dividend received	270,160	36,328,872
Purchase of property, plant and equipment	(5,093,400)	—
Purchase of intangible asset	(3,072,349)	—
Purchase of equity instruments at fair value through other comprehensive income	(1,235,294)	—
Proceeds from disposal of equity instruments at fair value through other comprehensive income	1,415,000	—
Net cash inflows from disposal of subsidiaries	—	99,975,100
Net cash (used in) from investing activities	(7,383,021)	136,313,068
Financing activities		
Dividend paid	(20,790,025)	—
Interest paid	(13,455,954)	(8,270,153)
Proceeds from issue of interest-bearing bonds	92,690,000	259,823,000
Repayments of interest-bearing bonds	(153,500,000)	(147,890,000)
Proceeds from issue of interest-bearing loans	12,500,000	28,000,000
Repayments of interest-bearing loans	(35,200,000)	(21,000,000)
Net cash (used in) from financing activities	(117,755,979)	110,662,847
Net increase (decrease) in cash and cash equivalents	17,985,258	(41,101,457)
Effect of foreign exchange rate changes	588,926	(781,428)
Cash and cash equivalents at 1 January	304,217,191	138,446,606
Cash and cash equivalents at 30 June Represented by bank balances and cash	322,791,375	96,563,721



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares has been listed on the Stock Exchange of Hong Kong Limited (“Stock Exchange”) since 2 January 2002. The address of the registered office of the Company is Unit 6602-03, Level 66, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries are investing in listed and unlisted securities.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated financial statements of the Group have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended 31 December 2018.

The condensed consolidated financial statements are unaudited, but have been reviewed by the Company’s audit committee (the “Audit Committee”). The condensed consolidated financial statements for the six months ended 30 June 2019 were approved and authorised for issue by the Board of Directors on 20 August 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2019 are consistent with those adopted by the Group in its audited consolidated financial statements for the year ended 31 December 2018 except for the adoption of the new and amendments to Hong Kong Financial Reporting Standards (the “New and Amendments to HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA that are effective for the first time for the current period’s financial statements.

The Group has not applied any New and Revised HKFRSs that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such New and Revised HKFRSs to the Group but is yet in a position to state whether they would have any material financial impact on the Group’s results of operations and financial position.

Details of the changes in accounting policies are set out as below:

Changes in Hong Kong Financial Reporting Standards (“HKFRSs”)

The HKICPA has issued a number of new or amendments to HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Hong Kong Financial Reporting Standards (“HKFRSs”)

(Continued)

HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 “Leases”, and the related interpretations.

(a) *Key changes in accounting policies resulting from application of HKFRS 16*

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Hong Kong Financial Reporting Standards (“HKFRSs”)

(Continued)

HKFRS 16 “Leases” (Continued)

- (a) *Key changes in accounting policies resulting from application of HKFRS 16 (Continued)*

As a lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short term lease recognition exemption to lease of that have a lease term of 12 months or less from the commencement date and do not retain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Hong Kong Financial Reporting Standards (“HKFRSs”)

(Continued)

HKFRS 16 “Leases” (Continued)

- (a) *Key changes in accounting policies resulting from application of HKFRS 16 (Continued)*

As a lessee (Continued)

Right-of-use assets (Continued)

- an estimation of costs is to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Hong Kong Financial Reporting Standards (“HKFRSs”)

(Continued)

HKFRS 16 “Leases” (Continued)

- (a) *Key changes in accounting policies resulting from application of HKFRS 16 (Continued)*

As a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Hong Kong Financial Reporting Standards (“HKFRSs”)

(Continued)

HKFRS 16 “Leases” (Continued)

(a) *Key changes in accounting policies resulting from application of HKFRS 16 (Continued)*

As a lessee (Continued)

Lease liabilities (Continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Hong Kong Financial Reporting Standards (“HKFRSs”)

(Continued)

HKFRS 16 “Leases” (Continued)

- (a) *Key changes in accounting policies resulting from application of HKFRS 16 (Continued)*

Lease modifications (Continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

- (b) *Transition and summary of effects arising from initial application of HKFRS 16*

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Hong Kong Financial Reporting Standards (“HKFRSs”)

(Continued)

HKFRS 16 “Leases” (Continued)

(b) *Transition and summary of effects arising from initial application of HKFRS 16 (Continued)*

As a lessee (Continued)

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and
- v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

On transition, the Group has not made any adjustments upon application of HKFRS 16 because the Group elected not to recognise right-of-use assets and liabilities for lease with lease as the outstanding term ends within 12 months of the date of initial application.

4. REVENUE

Revenue represents interest income from banks and financial institutions and dividend income for the period. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
Interest income from banks and financial institutions	332,862	9,096
Dividend income	270,160	36,328,872
	603,022	36,337,968

5. SEGMENT INFORMATION

For the six months ended 30 June 2019 and 2018 respectively, the Group's revenue was mainly interest income from banks and financial institutions and dividend income from equity investments. The Directors consider that these activities constitute one business segment since the Group only engaged in investing in listed and unlisted securities. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating profits. The Group's segment revenue, assets and liabilities for the period, analysed by geographical markets, are as follows:

	Hong Kong		PRC and other jurisdictions		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
Segment revenue:						
Interest income from banks and financial institutions	319,583	1,432	13,279	7,664	332,862	9,096
Dividend income	270,160	36,328,872	-	-	270,160	36,328,872
	589,743	36,330,304	13,279	7,664	603,022	36,337,968

5. SEGMENT INFORMATION (Continued)

	Hong Kong		PRC and other jurisdictions		Consolidated	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	HK\$ (unaudited)	HK\$ (audited)	HK\$ (unaudited)	HK\$ (audited)	HK\$ (unaudited)	HK\$ (audited)
Non-current assets*	22,665,425	17,667,249	43,489	48,695	22,708,914	17,715,944
Total assets	425,861,585	800,917,374	92,160,418	16,895,638	518,022,003	817,813,012
Total liabilities	348,211,209	448,990,608	3,169	1,340	348,214,378	448,991,948
Other segment information:						
Additions to property, plant and equipment	5,093,400	95,000	—	49,540	5,093,400	144,540
Additions to intangible asset	3,072,349	—	—	—	3,072,349	—

* The non-current assets information above is based on the locations of the assets and excluded equity instruments at fair value through other comprehensive income ("FVTOCI") and rental deposit.

6. FINANCE COSTS

	Six months ended 30 June	
	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
Interest expenses on:		
Bank and broker overdrafts	10	325
Interest-bearing loan notes (note 16(a))	1,085,058	1,083,930
Interest-bearing bonds (note 16(b))	16,148,270	10,774,520
Interest-bearing loans	1,243,230	1,102,265
	18,476,568	12,961,040

7. (LOSS) PROFIT BEFORE TAX

	Six months ended 30 June	
	2019	2018
	HK\$	HK\$
	(unaudited)	(unaudited)
(Loss) profit before tax has been arrived at after charging the following items:		
Directors' remuneration:		
Fees	2,183,885	2,259,093
Other emoluments	1,736,788	1,275,347
Retirement benefits scheme contributions	18,000	18,000
Other staff costs:		
Basic salaries and allowances	4,626,424	4,576,890
Retirement benefits scheme contributions	171,965	164,655
Total staff costs (including Directors' remuneration)	8,737,062	8,293,985
Auditor's remuneration	220,000	210,000
Depreciation of property, plant and equipment	3,088,335	2,774,646
Loss on write-off of property, plant and equipment	84,444	—
Net foreign exchange losses	3,038,943	454,278
Operating lease charges in respect of office premises	4,633,772	4,435,879



8. INCOME TAX CREDIT

No Hong Kong Profits Tax has been provided as the Group had no assessable profits in Hong Kong for both periods. There are also no tax liabilities in other jurisdictions.

	Six months ended 30 June	
	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
Deferred taxation		
Credit for the period (note 17)	19,464,832	—

9. DIVIDENDS

During the period, a final dividend of HK\$0.02 (2018: Nil) per share in respect of the year ended 31 December 2018 was declared to the owners of the Company. The aggregate of the final dividends declared in the period amounts to HK\$24,734,440 (2018: Nil).

10. NET ASSET VALUE PER SHARE AND LOSS (EARNINGS) PER SHARE

Net asset value per share

The net asset value per share is calculated by dividing the net assets included in the condensed consolidated statement of financial position of HK\$169,807,625 (31 December 2018: HK\$368,821,064) by the number of shares in issue as at 30 June 2019, being 1,236,722,000 (31 December 2018: 1,236,722,000).

10. NET ASSET VALUE PER SHARE AND LOSS (EARNINGS) PER SHARE

(Continued)

(Loss) earnings per share

The calculation of the basic and diluted (loss) earnings per share is based on:

	Six months ended 30 June	
	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
<i>(Loss) earnings:</i> (Loss) profit attributable to owners of the Company	(174,278,996)	6,053,254
	30 June 2019 Shares	30 June 2018 Shares
<i>Shares:</i> Weighted average number of ordinary shares in issue during the period used in basic (loss) earnings per share calculation	1,236,722,000	1,217,722,000
Effect of dilutive potential ordinary shares: Share options	32,479,790	29,001,650
Weighted average number of ordinary shares in issue during the period used in diluted (loss) earnings per share calculation	1,269,201,790*	1,246,723,650

- * No adjustment has been made to the basic loss per share amount for the six months ended 30 June 2019 because the diluted loss per share amount is decreased when taking outstanding share options into account, so the outstanding share options had an anti-dilutive effect on the basic loss per share amount. Accordingly, the diluted loss per share is same as the basic loss per share.



11. PROPERTY, PLANT AND EQUIPMENT

	30 June 2019 HK\$ (unaudited)	31 December 2018 HK\$ (audited)
Carrying amounts as at 1 January	7,487,541	12,898,416
Additions	5,093,400	144,540
Depreciation	(3,088,335)	(5,555,415)
Written off	(84,444)	—
Carrying amounts at end of the period/year	9,408,162	7,487,541

12. INTANGIBLE ASSETS

	30 June 2019 HK\$ (unaudited)	31 December 2018 HK\$ (audited)
Carrying amounts as at 1 January	10,228,403	10,228,403
Additions	3,072,349	—
Carrying amounts at end of the period/year	13,300,752	10,228,403

13. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2019 HK\$ (unaudited)	31 December 2018 HK\$ (audited)
Unlisted investments		
— Equity securities in Hong Kong (note 1)	2,122,501	2,302,207

Particulars of investments in unlisted equity securities held by the Group as at 30 June 2019 and 31 December 2018 disclosed pursuant to Chapter 21 of Listing Rules are as follows:

Note 1: Unlisted equity securities, at fair value

Name of investee company	Place of incorporation	Proportion of investee's capital owned	Cost HK\$	Fair value HK\$	Accumulated fair value adjustment HK\$	Dividend received/receivable during the year HK\$	% of gross assets of the Company
At 30 June 2019 (unaudited)							
China Investment Fund International Securities Limited ("CIFIS")	Hong Kong	9%	1,800,000	2,122,501	322,501	—	0.41%
At 31 December 2018 (audited)							
China Investment Fund International Securities Limited ("CIFIS")	Hong Kong	15%	1,764,706	2,302,207	537,501	—	0.28%

The above unlisted equity investments represent the Group's equity interest in a private entity established in Hong Kong. The Directors of the Company have elected to designate these investments in equity instruments at FVTOCI as they believe recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

During the period, the Group disposed of 6% equity interest in CIFIS to an independent third party in April 2019 for a consideration of HK\$1,415,000 and no realised gain (loss) on disposal of equity instruments at FVTOCI was resulted.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2019 HK\$ (unaudited)	31 December 2018 HK\$ (audited)
Other prepayments	112,065	87,367
Rental deposits	5,825,780	5,726,351
Due from brokers (note a)	16,396,952	257,179,136
Other deposits and receivables	574,294	4,457,917
	22,909,091	267,450,771
Portion classified as non-current assets	—	(5,726,351)
	22,909,091	261,724,420

Note a: The balances represent the cash account balances in the brokers that are used for investing in securities and financial derivative contracts. The management of the Company monitors the credit risk on these brokers on a regular basis.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 HK\$ (unaudited)	31 December 2018 HK\$ (audited)
Financial assets mandatorily measured at FVTPL:		
— Equity securities in Hong Kong (note 1)	71,306,750	216,704,800
— Equity securities in the PRC (note 1)	76,183,372	9,422,099
	147,490,122	226,126,899

Note 1: Particulars of investments of listed equity securities held by the Group as at 30 June 2019 and 31 December 2018 disclosed pursuant to Chapter 21 of the Listing Rules are as follows:

Name of investee companies	Place of incorporation	Number of issued shares/units held	Proportion of investee's interest held	Cost HK\$	Market value HK\$	Accumulated unrealised gain (loss) recognised HK\$	Net assets attributable to the Company HK\$'000	Dividend received/receivable during the period/year HK\$	% of gross assets of the Company
At 30 June 2019 (unaudited)									
<u>Listed equity securities in Hong Kong</u>									
Smartac Group China Holdings Limited (note a)	Cayman Islands	197,000,000	3.50%	40,310,886	41,370,000	1,059,114	12,608	—	7.99%
MTR Corporation Limited (note b)	Hong Kong	148,000	Less than 0.01%	7,609,000	7,784,800	175,800	4,352	—	1.50%
China Petroleum & Chemical Corporation (note c)	PRC	930,000	Less than 0.01%	4,948,600	4,938,300	(10,300)	7,485	—	0.95%
Link Real Estate Investment Trust (note d)	Hong Kong	50,000	Less than 0.01%	4,835,200	4,800,000	(35,200)	4,488	—	0.93%
China Mobile Limited (note e)	Hong Kong	71,000	Less than 0.01%	5,008,100	5,051,650	43,550	4,165	—	0.98%
China Shenhua Energy Company Limited (note f)	PRC	450,000	Less than 0.01%	7,683,610	7,362,000	(321,610)	10,523	—	1.42%
				70,395,396	71,306,750	911,354			
<u>Listed equity securities in PRC</u>									
Irico Display Devices Co., Ltd. (note g)	PRC	6,540,032	0.18%	45,608,113	37,275,739	(8,332,374)	42,672	—	7.20%
Tianma Bearing Group Co., Ltd. (note h)	PRC	15,000,001	1.26%	41,700,917	38,907,633	(2,793,284)	48,876	—	7.51%
				87,309,030	76,183,372	(11,125,658)			

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Note 1: Particulars of investments of listed equity securities held by the Group as at 30 June 2019 and 31 December 2018 disclosed pursuant to Chapter 21 of the Listing Rules are as follows: (Continued)

Name of investee companies	Place of incorporation	Particulars of issued shares held	Proportion of investee's interest owned	Cost HK\$	Market value HK\$	Accumulated unrealised gain (loss) recognised HK\$	Net assets attributable to the Company HK\$'000	Dividend received/receivable during the year HK\$	% of gross assets of the Company
At 31 December 2018 (audited)									
<u>Listed equity securities in Hong Kong</u>									
Smartac Group China Holdings Limited	Cayman Islands	197,000,000	3.50%	40,310,886	177,300,000	136,989,114	4,257	-	21.68%
The Hong Kong and China Gas Company Limited	Hong Kong	620,000	Less than 0.01%	9,958,940	10,044,000	85,060	2,435	-	1.23%
Hong Kong Exchanges and Clearing Limited	Hong Kong	88,000	Less than 0.01%	19,874,840	19,940,800	65,960	2,623	-	2.44%
Tencent Holdings Limited	Cayman Islands	30,000	Less than 0.01%	8,967,960	9,420,000	452,040	807	-	1.15%
				79,112,626	216,704,800	137,592,174			
<u>Listed equity securities in PRC</u>									
Inco Display Devices Co., Ltd.	PRC	1,880,000	0.05%	18,797,786	9,422,099	(9,375,687)	10,693	-	1.15%

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(Continued)

A brief description of the business and financial information of the listed investee companies extracted from their latest published annual reports is as follows:

Notes:

- (a) Smartac Group China Holdings Limited (“Smartac”) was incorporated in the Cayman Islands and its shares are listed on the Main Board of Hong Kong Stock Exchange (stock code: 395). Smartac was principally engaged in (i) software sales and O2O consultation services; (ii) digital advertising platform and related solutions services and (iii) marketing strategy and management services in the operation of online shops on e-commerce platform.

For the year ended 31 December 2018, the audited consolidated loss attributable to owners of Smartac was approximately RMB56,688,000 and the basic loss per share was RMB1.17 cents. At 31 December 2018, its audited consolidated net assets value attributable to owners of Smartac was approximately RMB275,718,000. No dividend was received during the period.

- (b) MTR Corporation Limited (“MTR”) was incorporated in Hong Kong and its shares are listed on the Main Board of Hong Kong Stock Exchange (stock code: 66). MTR was principally engaged in the following core businesses — railway design, construction, operation, maintenance and investment in Hong Kong, Macau, the Mainland of China and a number of overseas cities; project management in relation to railway and property development businesses in Hong Kong and the Mainland of China; station commercial business including leasing of station retail space, leasing of advertising space inside trains and stations and enabling of telecommunication services on the railway system in Hong Kong; property business including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and the Mainland of China; investment in Octopus Holdings Limited; and provision of railway management, engineering and technology training.

For the year ended 31 December 2018, the audited consolidated profit attributable to shareholders of MTR was approximately HK\$16,008 million and the basic earnings per share was HK\$2.64. At 31 December 2018, its audited consolidated net assets value attributable to shareholders of MTR was approximately HK\$180,447 million. No dividend was received during the period.



15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(Continued)

Notes: (Continued)

- (c) China Petroleum & Chemical Corporation (“China Petroleum & Chemical”) was incorporated in the PRC and as a joint stock limited company on the Hong Kong Stock Exchange (stock code: 386) and Shanghai Stock Exchange (stock code: 600028.SH). China Petroleum & Chemical was principally engaged in the oil and gas and chemical operations and businesses, including: (i) the exploration, development and production of crude oil and natural gas; (ii) the refining, transportation, storage and marketing of crude oil and petroleum product; and (iii) the production and sale of chemical.

For the year ended 31 December 2018, the audited consolidated profit attributable to shareholders of China Petroleum & Chemical was approximately RMB63,089 million. At 31 December 2018, its audited consolidated net assets value attributable to shareholders of China Petroleum & Chemical was approximately RMB717,284 million. No dividend was received during the period.

- (d) Link Real Estate Investment Trust (“Link Real Estate”) was incorporated in Hong Kong and its units are listed on the Main Board of Hong Kong Exchange (stock code: 823). Link Real Estate was principally engaged in investing in real estate (other than real estate of a residential, hotel or serviced apartment nature) and undertaking property development and related activities in respect of all types of developments that contain retail and/or commercial portions.

For the year ended 31 March 2019, the audited consolidated profit attributable to unitholders of Link Real Estate was approximately HK\$20,329 million and the net assets per unit attributable to unitholders was HK\$89.48. At 31 December 2018, its audited consolidated net assets value attributable to unitholders of Link Real Estate was approximately HK\$188,739 million. No dividend was received during the period.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(Continued)

Notes: (Continued)

- (e) China Mobile Limited (“China Mobile”) was incorporated in Hong Kong and its shares are listed both on the Main Board of Hong Kong Stock Exchange (stock code: 941) and New York Stock Exchange (stock code: CHL). China Mobile was principally engaged in provision of telecommunications and related services in Mainland China and in Hong Kong.

For the year ended 31 December 2018, the audited consolidated profit attributable to equity shareholders of China Mobile was approximately RMB117,781 million and the basic earnings per share was RMB5.75. At 31 December 2018, its audited consolidated net assets value attributable to equity shareholders of China Mobile was approximately RMB1,052,405 million. No dividend was received during the period.

- (f) China Shenhua Energy Company Limited (“China Shenhua”) was incorporated in the PRC and as a joint stock limited company on the Hong Kong Stock Exchange (stock code: 1088) and Shanghai Stock Exchange (stock code: 601088.SH). China Shenhua was principally engaged in (i) the production and sale of coal; and (ii) the generation and sale of coal-based power to provincial/regional electric grid companies in the People’s Republic of China (the “PRC”).

For the year ended 31 December 2018, the audited consolidated profit attributable to equity holders of China Shenhua was approximately RMB44,137 million and the basic earnings per share was RMB2.219. At 31 December 2018, its audited consolidated net assets value attributable to equity holders of China Shenhua was approximately RMB331,693 million. No dividend was received during the period.



15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(Continued)

Notes: (Continued)

- (g) Irico Display Devices Co., Ltd. (“Irico Display”) was incorporated in the PRC and its shares are listed on Shanghai Stock Exchange (stock code: 600707.SH). Irico Display was principally engaged in development, production and sales of electronic information display devices in China and Internationally.

For the year ended 31 December 2018, the audited consolidated profit attributable to owners of Irico Display was approximately RMB61,022,000 and the basic earnings per share was RMB0.02. At 31 December 2018, its audited consolidated net assets value attributable to owners of Irico Display was approximately RMB20,420 million. No dividend was received during the period.

- (h) Tianma Bearing Group Co., Ltd. (“Tianma Bearing”) was incorporated in the PRC and its shares are listed on Shenzhen Stock Exchange (stock code: 002122.SZ). Tianma Bearing was principally engaged in the bearing and machine tool business. Its main products include bearings, round bars, machine tools, and agricultural and pastoral products.

For the year ended 31 December 2018, the audited consolidated loss attributable to owners of Tianma Bearing was approximately RMB634,975,000 and the basic loss per share was RMB0.53. At 31 December 2018, its audited consolidated net assets value attributable to equity holders of Tianma Bearing was approximately RMB3,211 million. No dividend was received during the period.

The fair value of these listed securities are based on their closing prices quoted in active markets.

16. BORROWINGS

	Notes	30 June 2019 HK\$ (unaudited)	31 December 2018 HK\$ (audited)
Interest-bearing loan notes, unsecured	(a)	42,300,377	42,277,817
Interest-bearing bonds, unsecured	(b)	290,601,853	346,312,418
Interest-bearing loans, unsecured	(c)	—	22,700,000
		332,902,230	411,290,235
Less: Amount classified as current liabilities		(157,564,516)	(210,944,796)
Amount classified as non-current liabilities		175,337,714	200,345,439



16. BORROWINGS (Continued)

(a) Interest-bearing loan notes

The Company issued unsecured interest-bearing loan notes (the “Notes”) to independent private investors through the placing agent in an aggregate principal amount of HK\$30,000,000 with effective dates of 29 April 2015 and 30 April 2015 which are repayable on the date falling 8 years from the date of issue of the Notes, which are 28 April 2023 and 29 April 2023 respectively, and a principal amount of HK\$12,500,000 with effective date of 9 September 2015 which is repayable on the date falling 8 years of the date of issue of the Notes (the “Maturity Dates”). The Company has the right at any time after the second year of the issue date of the Notes to the Maturity Dates to redeem the whole or part of the outstanding Notes at the redemption amount with not less than 15 business days written notice, specifying the amount to be redeemed and the date of such redemption (the “Redemption Right”). But the noteholders have no right to require the Company to redeem the Notes before the Maturity Dates.

The Notes carry interest at the fixed rate of 5% per annum payable semiannually in arrears on 31 March and 30 September in each year (“Interest Payment Date”), provided that the first Interest Payment Date shall fall on 31 March 2016 and the final repayment of the interest shall be on the Maturity Date.

The Redemption Right is regarded as embedded derivative in the host contract. The Redemption Right is not recognised in the condensed consolidated financial statements since the redemption is at the discretion of the Company and the Directors consider that the probability of exercise of the Redemption Right is remote. The Directors have assessed the fair values of the Redemption Right at initial recognition and at the end of the reporting period and consider that the fair values were insignificant. Accordingly, the fair value of the Redemption Right was not accounted for in the condensed consolidated financial statements as at 30 June 2019.

16. BORROWINGS (Continued)

(a) Interest-bearing loan notes (Continued)

The Notes are measured at amortised cost, using the effective interest method. The effective interest rates of the Notes range from 5.08% p.a. to 5.15% p.a..

The Notes recognised in the condensed consolidated statement of financial position of the Group are calculated as follows:

	HK\$
At 1 January 2018	42,234,394
Effective interest expenses	2,168,419
Interest paid/payables	(2,124,996)
	<hr/>
At 31 December 2018 and 1 January 2019	42,277,817
Effective interest expenses (note 6)	1,085,058
Interest paid/payables	(1,062,498)
	<hr/>
At 30 June 2019	42,300,377

(b) Interest-bearing bonds

During the six months ended 30 June 2019, the Company has issued and repaid unsecured interest-bearing bonds with aggregate principal amounts of HK\$96,000,000 and HK\$153,500,000 (31 December 2018: HK\$469,824,284 and HK\$285,228,000) respectively, which bear interests ranging from 0.50% p.a. to 18% p.a. (31 December 2018: 0.36% p.a. to 18% p.a.) and with maturity dates ranging from three months to two years (31 December 2018: three months to eight years).



16. BORROWINGS (Continued)

(b) Interest-bearing bonds (Continued)

The interest-bearing bonds recognised in the condensed consolidated statement of financial position of the Group is calculated as follows:

	HK\$
At 1 January 2018	178,167,349
Issued during the year	449,132,805
Repaid during the year	(285,228,000)
Effective interest expenses	27,631,346
Interest paid/payables	(23,391,082)
	<hr/>
At 31 December 2018 and 1 January 2019	346,312,418
Issued during the period	92,690,000
Repaid during the period	(153,500,000)
Effective interest expenses (note 6)	16,148,270
Interest paid/payables	(11,048,835)
	<hr/>
At 30 June 2019	290,601,853
	<hr/>

(c) Interest-bearing loans

As at 30 June 2019, the Company had no outstanding unsecured loans (31 December 2018: with principal amount in aggregate of HK\$22,700,000) from independent third parties, which bear interest at 1% per month and will mature within three months from the reporting dates.

17. DEFERRED TAX ASSETS/LIABILITIES

The following are the major deferred tax liabilities and assets recognised and movements during the current period and prior year.

	Unrealised gain on financial assets at FVTPL HK\$	Tax losses HK\$	Total HK\$
At 1 January 2018 (audited)	—	—	—
Charge (credit) to profit or loss	22,702,710	(3,237,878)	19,464,832
At 31 December 2018 (audited)	22,702,710	(3,237,878)	19,464,832
(Credit) charge to profit or loss (note 8)	(22,702,710)	3,237,878	(19,464,832)
At 30 June 2019 (unaudited)	—	—	—



18. SHARE CAPITAL

	Number of ordinary shares of HK\$0.05 each	Nominal value HK\$
Authorised:		
At 1 January 2018, 31 December 2018 and 30 June 2019	4,000,000,000	200,000,000
Issued and fully paid:		
At 1 January 2018 and 30 June 2018	1,217,722,000	60,886,100
Issue of shares under placement of shares	19,000,000	950,000
At 31 December 2018 and 30 June 2019	1,236,722,000	61,836,100

19. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 27 June 2011. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives and/or rewards for their contribution and support to the Company. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees and executives, including all the Directors of the Company and any substantial shareholders as defined in the Listing Rules to subscribe for shares in the Company.

The maximum number of shares in respect of which options may be granted under the Scheme must not in aggregate exceed 332,106,000, representing 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the shares of the Company in issue during the twelve-month period before the date of grant, unless with prior approval from the Company's shareholders.

19. SHARE OPTION SCHEME (Continued)

Share options granted must be taken up within 21 days of the date of grant, upon payment of HK\$1 on the acceptance. Options may be exercised in accordance with the terms of the Scheme at any time during a period to be notified by the Board of Directors to each grantee but must not be exercised after the expiry of ten years from the date of grant of the option. There is no minimum period for which an option must be held or a performance target that must be achieved before an option can be exercised specified in the terms of the Scheme. However, the Board of Directors may provide restrictions on the exercise of an option during the period an option may be exercised including, if appropriate, a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

The exercise price is determined by the Board of Directors, and should not be less than the higher of (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer of the option, which must be a business day, (ii) the average of the closing prices of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of the option and (iii) the nominal value of the Share on the date of offer of the option.

The Scheme will remain in force for a period of 10 years commencing on 27 June 2011.

19. SHARE OPTION SCHEME (Continued)

The following table disclosed details of the Company's share options under the Scheme held by directors, employees and other participants and the movements during the six months ended 30 June 2019:

Grantee	Date of Grant	Exercise price HK\$	Exercisable period up to	Outstanding number of share options	Granted during the period	Exercised during the period	Expired during the period	Lapsed during the period	Outstanding number of share options at 30 June 2019
<i>Executive Directors</i>									
Luk Hong Man, Hammond	17/6/2015	0.729	16/6/2025	776,597	-	-	-	-	776,597
	15/11/2016	0.808	15/11/2026	5,300,000	-	-	-	-	5,300,000
Zhang Xi	17/6/2015	0.729	16/6/2025	776,597	-	-	-	-	776,597
	15/11/2016	0.808	15/11/2026	5,300,000	-	-	-	-	5,300,000
<i>Non-executive Directors</i>									
Leung Ka Fai	15/11/2016	0.808	15/11/2026	3,000,000	-	-	-	-	3,000,000
Wang Mengtao	15/11/2016	0.808	15/11/2026	3,000,000	-	-	-	-	3,000,000
Ma Xiaojie	29/8/2017	2.250	29/8/2027	1,200,000	-	-	-	-	1,200,000
<i>Independent Non-executive Directors</i>									
Jing Siyuan	15/11/2016	0.808	15/11/2026	800,000	-	-	-	-	800,000
Zhang Aimin	15/11/2016	0.808	15/11/2026	800,000	-	-	-	-	800,000
Zhang Qiang	15/11/2016	0.808	15/11/2026	800,000	-	-	-	-	800,000
Sub-total				21,753,194	-	-	-	-	21,753,194
Employees and other participants	17/6/2015	0.728	16/6/2025	776,596	-	-	-	-	776,596
	15/11/2016	0.808	15/11/2026	9,950,000	-	-	-	-	9,950,000
Total				32,479,790	-	-	-	-	32,479,790

For the six months ended 30 June 2019, no options had been lapsed, granted, exercised and expired under the Scheme (31 December 2018: 500,000 share options have lapsed, no options were granted, exercised and expired).

20. RELATED PARTY AND CONNECTED TRANSACTIONS

(a) Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	Six months ended 30 June	
	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
Directors' fee	2,183,885	2,259,093
Other emoluments	1,736,788	1,275,347
Retirement benefits scheme contributions	18,000	18,000
	3,938,673	3,552,440

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(b) Investment management fee

On 4 July 2017, the Company and Fundamental Dynamics (HK) Limited (currently named as "Tianhe Quant Asset Management Limited") ("Tianhe"), a wholly-owned subsidiary of the Company, entered into an investment management agreement pursuant to which Tianhe shall act as the investment manager of the Company from 5 July 2017 to 4 July 2019. Under the investment management agreement, the investment management fee payable to the investment manager was HK\$220,000 per month together, with expenses reimbursement up to a maximum amount of HK\$1,390,000, HK\$2,840,000 and HK\$1,450,000 respectively for each of the years ending 31 December 2017, 2018 and 2019. The investment manager is a connected person of the Company pursuant to the Rule 21.13 of the Listing Rules. As Tianhe (the investment manager) is a wholly-owned subsidiary of the Company, the transaction with Tianhe is eliminated on consolidation and will not be considered a connected transaction under the Listing Rules.



20. RELATED PARTY AND CONNECTED TRANSACTIONS (Continued)

(b) Investment management fee (Continued)

The Company has renewed the engagement under the investment management agreement of July 2017 by entering into an investment management agreement dated 4 July 2019 with Tianhe whereby Tianhe would provide investment management services to the Company from 5 July 2019 to 4 July 2021.

21. OPERATING LEASE COMMITMENTS

(a) The Group as lessee

At the end of the current interim period, the Group had commitments for future minimum lease payments under operating leases in respect of office premises as follows:

	30 June 2019 HK\$ (unaudited)	31 December 2018 HK\$ (audited)
Within one year	2,374,727	6,438,632

Operating lease payments represent rental payable by the Group for its office premises. Leases are negotiated and fixed for a term of three years.

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value on a recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined, as well as the levels of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
At 30 June 2019 (unaudited)				
Assets				
Financial assets at FVTPL				
– Listed equity securities (note a)	147,490,122	–	–	147,490,122
Equity instruments at FVTOCI (note b)	–	–	2,122,501	2,122,501
Total	147,490,122	–	2,122,501	149,612,623

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial instruments measured at fair value on a recurring basis

(Continued)

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
At 31 December 2018 (audited)				
<i>Assets</i>				
Financial assets at FVTPL				
– Listed equity securities (note a)	226,126,899	–	–	226,126,899
Equity instruments at FVTOCI				
(note b)	–	–	2,302,207	2,302,207
Total	226,126,899	–	2,302,207	228,429,106

Notes:

- (a) The fair value of listed equity securities classified as Level 1 is determined by the closing price quoted in an active market.
- (b) The fair value of unlisted equity securities classified as Level 3 is determined by management's valuation assessment.

23. CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any material contingent liabilities (31 December 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the period, the Group reported a loss of HK\$174.3 million (six months ended 30 June 2018: profit of HK\$6.1 million). The loss for the period was primarily due to (i) a net unrealised loss on financial assets at fair value through profit or loss (“FVTPL”) of HK\$137,239,000 while net unrealised gain of HK\$15,272,000 was recorded for the six months ended 30 June 2018 and (ii) an increase in finance costs of HK\$5,516,000 as compared with corresponding period in 2018.

For the period, the Group recorded a revenue of HK\$603,000 (six months ended 30 June 2018: HK\$36,338,000), a decrease of HK\$35,735,000 as compared to the corresponding period in 2018. The Group recorded a net realised gain on disposal of financial assets at FVTPL of HK\$6,858,000 (six months ended 30 June 2018: net realised loss on disposal of HK\$4,625,000). The Group recorded a net unrealised loss on financial assets at FVTPL of HK\$137,239,000 (six months ended 30 June 2018: net unrealised gain of HK\$15,272,000). The Group made a net realised gain on settlement of futures contracts of HK\$Nil (six months ended 30 June 2018: HK\$8,623,000). The Group made an unrealised loss from changes in fair value of futures contracts of HK\$Nil (six months ended 30 June 2018: HK\$23,654,000).



SECURITIES INVESTMENTS

The Board exercised caution while actively managing its investment portfolio in accordance with the Company's investment objective and policy for the best interests for our shareholders.

Investment in listed securities

As at 30 June 2019, the Group held listed securities classified under financial assets at FVTPL of HK\$147,490,000 (31 December 2018: HK\$226,127,000).

Investment in unlisted securities

As at 30 June 2019, the Group's investment in unlisted securities classified under equity instrument at FVTOCI consisted of 9% equity interest in China Investment Fund International Securities Limited ("CIFIS") of HK\$2,123,000 (31 December 2018: HK\$2,302,000). CIFIS is incorporated in Hong Kong and principally engaged in the securities business.

INVESTMENT PORTFOLIO

We divide our strategy into three categories, namely long-term holding investment, mid-term private equity and venture capital and short-term trading of securities and other financial instruments. The main sectors of our investments as at 30 June 2019 were e-commerce & internet services, telecommunication, energy and commerce and industry.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of HK\$322,791,000 as at 30 June 2019 (31 December 2018: HK\$304,217,000) representing 62.3% (31 December 2018: 37.2%) of the Group's total assets. As at 30 June 2019, the Group had long-term debts which are unsecured interest-bearing loan notes and unsecured interest-bearing bonds in total amount of HK\$175,338,000 (31 December 2018: HK\$200,345,000). Apart from the long-term debts, the Group had short-term debts consisting of unsecured interest-bearing bonds of HK\$157,565,000 (31 December 2018: unsecured interest-bearing bonds and unsecured interest-bearing loans of HK\$210,945,000).

As at 30 June 2019, the Group's gearing ratio was 6.0% (31 December 2018: 29.0%), being the ratio of net debts (total borrowings, net of cash and cash equivalents) to total equity.

FOREIGN CURRENCY EXPOSURE

Most of the business transactions of the Group are denominated in Hong Kong dollars and Renminbi ("RMB"). The Group closely monitors the fluctuation in these currencies and take actions as appropriate. As at 30 June 2019, the Group did not engage in currency hedging. During the period, the Group had financial assets of HK\$92,391,255 (2018: HK\$16,892,246) which was denominated in RMB. The Group does not have any foreign currency hedging policy. However, the Group monitors foreign exchange exposure and will take hedging or other actions as appropriate.



CAPITAL STRUCTURE

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited. During the period, there was no movements in the Company's share capital.

Following a placing in September 2018, the Company obtained gross proceeds of HK\$200.0 million. Up to the end of 2018, the Company used HK\$75.8 million (or 38% of the gross proceeds) to invest in listed securities and HK\$29.3 million (or 15% of the gross proceeds) for general working capital purposes. During the period, the Company fully utilized the balance of the gross proceeds in the amount of HK\$94.9 million, of which HK\$68.5 million was used to invest in listed securities (namely, listed equity securities in Tianma Bearing Group Co., Ltd. (HK\$41.7 million) and Irico Display Devices Co., Ltd. (HK\$26.8 million)) and HK\$26.4 million was used for general working capital purposes.

COMMITMENTS

Details of the commitments of the Group are set out in note 21 to this report.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have material contingent liabilities (31 December 2018: Nil).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2019, the Group had 27 employees and 9 Directors. The Group's remuneration policies are in line with prevailing market practice and are determined on the basis of the performance and experience of individual employees.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the period, there was no material acquisition or disposal of subsidiaries by the Group.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the period.

TRADING IN THE COMPANY'S SHARES

On 8 March 2019, the Securities & Futures Commission ("SFC") directed the Stock Exchange to suspend trading in the shares of the Company with effect from 9 a.m. on 8 March 2019.

On 18 March 2019, the Company announced that:

- on 8 March 2019, the SFC informed the Company its decision to exercise its power under section 8(1) of the Securities and Futures (Stock Market Listing) Rules (Cap. 571V) to direct the Stock Exchange to suspend trading in the shares of the Company
- on 8 March 2019, the SFC visited the premises of the Company with a search warrant for the purpose of obtaining documents and information in relation to an investigation and seized certain documents
- there have been no charges laid or arrests made in connection with the execution of the search warrant

Trading in the shares of the Company remained suspended as at the date of the publication of this report.

Based on the Board's assessment, the Board confirms that, the Group's operations have not been materially adversely affected. The Board also confirms that it has taken the appropriate steps for the purpose of resuming trading in the Company's shares and preserving the operations and business of the Company.



PROSPECT

In the first half of 2019, the ten-year US treasury bond yield was lower than the 3-month treasury bond yield. To mitigate the negative impact of inverted yield curve on the economy, the US Federal Reserve cut the interest rate by a quarter point, the first cut since 2008 financial crisis, and has plans for another rate cut later this year. The escalation of trade tensions between the US and the rest of the world provides an additional source of concern about the global economic slowdown. Under such highly uncertain investment environment, the Directors will take prudent strategies to manage our portfolio.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AND ANY ASSOCIATED CORPORATIONS

As at 30 June 2019, the interests and short positions of each Director and the chief executives of the Company in the shares and the underlying shares of the Company and any associated corporations (as defined in Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

(i) Long positions in shares as at 30 June 2019

Name of Director	Capacity	Notes	Number of shares	Approximate percentage of shareholding
Sui Guangyi ("Mr. Sui")	Beneficial owner		149,582,400	12.10%
Mr. Sui	Interest of controlled corporation	(1)	198,030,400	16.01%
Ma Xiaoqiu	Beneficial owner		10,520,000	0.85%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AND ANY ASSOCIATED CORPORATIONS (Continued)

(ii) Long positions in underlying shares as at 30 June 2019

Name of Director	Capacity	Notes	Number of underlying shares	Approximate percentage of shareholding
Luk Hong Man, Hammond	Beneficial owner	(2)	6,076,597	0.49%
Zhang Xi	Beneficial owner	(2)	6,076,597	0.49%
Wang Mengtao	Beneficial owner	(3)	3,000,000	0.24%
Leung Ka Fai	Beneficial owner	(3)	3,000,000	0.24%
Jing Siyuan	Beneficial owner	(3)	800,000	0.06%
Zhang Aimin	Beneficial owner	(3)	800,000	0.06%
Zhang Qiang	Beneficial owner	(3)	800,000	0.06%
Ma Xiaoqi	Beneficial owner	(4)	1,200,000	0.10%

Notes:

- (1) These shares are held by HK DYF Int'l Holding Group Limited, which is held as to 68.72% by Shenzhen Ding Yi Feng Enterprise Management Co., Ltd. which is held as to 26% and controlled by Mr. Sui. Mr. Sui is deemed to be interested in these shares by virtue of the SFO.
- (2) 776,597 share options are at an exercise price of HK\$0.729 per share of the Company with exercise period from 17 June 2015 to 16 June 2025. 5,300,000 share options are at an exercise price of HK\$0.808 per share of the Company with exercise period from 16 November 2016 to 15 November 2026.
- (3) These share options are at an exercise price of HK\$0.808 per share of the Company with exercise period from 16 November 2016 to 15 November 2026.
- (4) These share options are at an exercise price of HK\$2.25 per shares of the Company with exercise period from 30 August 2017 to 29 August 2027.



DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AND ANY ASSOCIATED CORPORATIONS (Continued)

(ii) Long positions in underlying shares as at 30 June 2019 (Continued)

Save as disclosed above, at 30 June 2019, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register required to be maintained under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDER

As at 30 June 2019, the following person's interest in 5% or more in the shares and underlying shares of the Company have been notified to the Company or recorded in the register of interest in shares and short positions required to be kept under Section 336 of the SFO:

Name	Number of Shares	Type of interest	Approximately percentage of total issued share capital of the Company
HK DYF Int'l Holding Group Limited	198,030,400	Beneficial owner	16.01%
Shenzhen Ding Yi Feng Enterprise Management Co., Ltd. (Note 1)	198,030,400	Interest of controlled corporation	16.01%
Mr. Sui (Note 2)	347,612,800	Beneficial owner and Interest of controlled corporation	28.11%

SUBSTANTIAL SHAREHOLDER (Continued)

Note 1: Shenzhen Ding Yi Feng Enterprise Management Co., Ltd. is deemed to be interested in 198,030,400 shares through its controlled corporation, HK DYF Int'l Holding Group Limited.

Note 2: 198,030,400 of these shares are held by HK DYF Int'l Holding Group Limited, which is held as to 68.72% by Shenzhen Ding Yi Feng Enterprise Management Co., Ltd., which is held as to 26% and controlled by Mr. Sui. Mr. Sui is deemed to be interested in these shares by virtue of the SFO.

Save as disclosed above, the Directors are not aware of any person who has an interest or short position in the shares or underlying shares of the Company (which is discloseable under Divisions 2 and 3 of Part XV of the SFO), or is directly or is indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (which is discloseable under the Listing Rules).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the period.



CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2019, the Company had complied with all the applicable provisions of the Corporate Governance Code (the “Code Provision”) as set out in Appendix 14 to the Listing Rules, except for the deviation set out as below.

Code Provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. The Chairman of the Board had not attended the annual general meeting of the Company held on 15 May 2019. The Chairman of the Board will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so.

AUDIT COMMITTEE

The Audit Committee currently comprised solely of independent non-executive Directors, namely, Ms. Jing Siyuan (chairman), Mr. Zhang Aimin and Mr. Zhang Qiang. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The unaudited interim results and unaudited condensed consolidated financial information of the Group for the period have been reviewed by the Audit Committee and approved by the Board on 20 August 2019.

By Order of the Board
China Ding Yi Feng Holdings Limited
Luk Hong Man, Hammond
Executive Director

Hong Kong, 20 August 2019

As at the date of this report, the executive Directors are Mr. Luk Hong Man, Hammond and Mr. Zhang Xi; the non-executive Directors are Mr. Sui Guangyi, Mr. Leung Ka Fai, Mr. Wang Mengtao and Ms. Ma Xiaoqiu; and the independent non-executive Directors are Ms. Jing Siyuan, Mr. Zhang Aimin and Mr. Zhang Qiang.