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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Board (the “**Board**”) of Directors (the “**Directors**”) of China Ding Yi Feng Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2019, with the comparative figures for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	<i>Notes</i>	2019 HK\$	2018 HK\$
Revenue	3	1,317,420	36,612,338
Other income	5	391,720	467,666
Net realised gain on disposal of equity instruments at fair value through other comprehensive income		–	14,850,118
Net realised gain on disposals of financial assets at fair value through profit or loss		3,543,114	23,660,364
Net unrealised (loss) gain on financial assets at fair value through profit or loss		(153,534,008)	128,200,059
Net realised gain on financial derivative contracts		–	2,029,668
		(148,281,754)	205,820,213
Net gain on disposals of subsidiaries	16	5,543	67,214,139
Administrative expenses		(88,934,310)	(92,848,529)
Finance costs	6	(36,262,931)	(32,164,697)
(Loss) profit before tax	7	(273,473,452)	148,021,126
Income tax credit (expense)	8	22,702,710	(19,464,832)
(Loss) profit for the year attributable to owners of the Company		<u>(250,770,742)</u>	<u>128,556,294</u>
(Loss) earnings per share	10		
– Basic (HK cents per share)		<u>(20.28)</u>	<u>10.51</u>
– Diluted (HK cents per share)		<u>(20.28)</u>	<u>10.24</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2019

	2019	2018
	HK\$	HK\$
(Loss) profit for the year attributable to owners of the Company	<u>(250,770,742)</u>	<u>128,556,294</u>
Other comprehensive income (expense):		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value (loss) gain on equity instruments at fair value through other comprehensive income	(1,166,911)	537,501
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(4,216,911)</u>	<u>2,696</u>
Other comprehensive (expense) income for the year, net of tax	<u>(5,383,822)</u>	<u>540,197</u>
Total comprehensive (expense) income attributable to owners of the Company	<u>(256,154,564)</u>	<u>129,096,491</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	<i>Notes</i>	2019	2018
		<i>HK\$</i>	<i>HK\$</i>
Non-current assets			
Property, plant and equipment		6,188,680	7,487,541
Intangible assets		13,300,752	10,228,403
Right-of-use assets		6,792,081	–
Equity instruments at fair value through other comprehensive income	<i>11</i>	955,590	2,302,207
Deferred tax assets		3,237,878	–
Rental deposits	<i>12</i>	1,003,483	5,726,351
		<u>31,478,464</u>	<u>25,744,502</u>
Current assets			
Prepayments, deposits and other receivables	<i>12</i>	13,261,477	261,724,420
Financial assets at fair value through profit or loss	<i>13</i>	121,398,262	226,126,899
Bank balances and cash		208,064,749	304,217,191
		<u>342,724,488</u>	<u>792,068,510</u>
Current liabilities			
Accruals and other payables		12,119,759	18,236,881
Borrowings	<i>14</i>	150,662,438	210,944,796
Lease liabilities		3,605,692	–
		<u>166,387,889</u>	<u>229,181,677</u>
Net current assets		<u>176,336,599</u>	<u>562,886,833</u>
Total assets less current liabilities		<u>207,815,063</u>	<u>588,631,335</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 31 December 2019*

	<i>Notes</i>	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Non-current liabilities			
Borrowings	<i>14</i>	116,247,147	200,345,439
Lease liabilities		3,635,856	–
Deferred tax liabilities		–	19,464,832
		<u>119,883,003</u>	<u>219,810,271</u>
Net assets		<u>87,932,060</u>	<u>368,821,064</u>
Capital and reserve			
Share capital	<i>15</i>	61,836,100	61,836,100
Reserves		26,095,960	306,984,964
		<u>87,932,060</u>	<u>368,821,064</u>
Total equity		<u>87,932,060</u>	<u>368,821,064</u>
Net asset value per share	<i>10</i>	<u>0.07</u>	<u>0.30</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Payment 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

Except as described below, the application of the new and amendments to HKFRSs and the interpretation in the current year have had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases*, and the related interpretations.

New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed as “right-of-use assets”.

At the date of transition to HKFRS 16, the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates.

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 accumulated losses and comparative information has not been restated.

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 of HKFRS 16.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of above new and amendments to HKFRSs will have no material impact on the Group’s consolidated financial statements in the foreseeable future.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Interest income from banks and financial institutions	630,047	283,466
Dividend income from		
— Listed investments	687,373	—
— Unlisted investments	—	36,328,872
	<u>1,317,420</u>	<u>36,612,338</u>

4. SEGMENT INFORMATION

For the years ended 31 December 2019 and 2018, the Group's revenue was mainly interest income from banks and financial institutions and dividend income. The directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. 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 year, analysed by geographical markets, are as follows:

	Hong Kong		PRC and others jurisdictions		Consolidated	
	2019 <i>HK\$</i>	2018 <i>HK\$</i>	2019 <i>HK\$</i>	2018 <i>HK\$</i>	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Segment revenue:						
Interest income from banks and financial institutions	594,142	265,282	35,905	18,184	630,047	283,466
Dividend income	687,373	—	—	36,328,872	687,373	36,328,872
	<u>1,281,515</u>	<u>265,282</u>	<u>35,905</u>	<u>36,347,056</u>	<u>1,317,420</u>	<u>36,612,338</u>
Non-current assets*	25,348,271	17,667,249	933,242	48,695	26,281,513	17,715,944
Total assets	<u>291,151,609</u>	<u>800,917,374</u>	<u>83,051,343</u>	<u>16,895,638</u>	<u>374,202,952</u>	<u>817,813,012</u>
Total liabilities	<u>285,248,716</u>	<u>448,990,608</u>	<u>1,022,176</u>	<u>1,340</u>	<u>286,270,892</u>	<u>448,991,948</u>
Other segment information:						
Additions to property, plant and equipment	5,093,400	95,000	—	49,540	5,093,400	144,540
Additions to rights-of-use assets	6,430,952	—	949,809	—	7,380,761	—
Additions to intangible assets	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"), deferred tax assets and rental deposits.

Given that the nature of the Group's operation is investment holding, there was no information regarding major customers as determined by the Group.

5. OTHER INCOME

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Sundry income (<i>note</i>)	<u>391,720</u>	<u>467,666</u>

Note: The amount represents incentive received from brokers.

6. FINANCE COSTS

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Interest expenses on:		
Interest-bearing loan notes	2,170,704	2,168,419
Interest-bearing bonds	32,192,334	27,631,346
Interest-bearing loans	1,383,230	2,364,932
Lease liabilities	516,654	–
Others	9	–
	<u>36,262,931</u>	<u>32,164,697</u>

7. (LOSS) PROFIT BEFORE TAX

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
The Group's (loss) profit before tax has been arrived at after charging the following items:		
Directors' emoluments		
Fees	4,660,760	4,380,000
Other emoluments	3,071,078	2,936,696
Discretionary bonuses	441,000	420,000
Retirement benefits scheme contributions	63,794	64,427
Staff costs:		
Basic salaries and allowances	9,382,153	8,967,741
Retirement benefits scheme contributions	<u>316,400</u>	<u>291,576</u>
Total staff costs (including directors' emoluments)	<u>17,935,185</u>	<u>17,060,440</u>
Auditor's remuneration	750,000	765,000
Depreciation on property, plant and equipment	6,307,817	5,555,415
Depreciation on right-of-use assets	588,680	–
Loss on property, plant and equipment written off	84,444	–
Net foreign exchange losses	<u>662,638</u>	<u>666,004</u>

8. INCOME TAX (CREDIT) EXPENSE

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Deferred taxation		
(Credit) charge for the year	<u>(22,702,710)</u>	<u>19,464,832</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

No Hong Kong profits tax has been provided as the Group had no assessable profits in Hong Kong for the year (2018: Nil).

Under the law of the PRC on Enterprises Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the applicable PRC EIT rate of the Group’s PRC subsidiaries is 25% for both years.

The tax (credit) charge for the year can be reconciled to the (loss) profit before tax in the consolidated statement of profit or loss as follows:

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
(Loss) profit before tax	<u>(273,473,452)</u>	<u>148,021,126</u>
Tax at the applicable income tax rates	(46,065,112)	22,663,090
Tax effect of income not taxable for tax purpose	(274,761)	(17,651,624)
Tax effect of expenses not deductible for tax purpose	36,873,332	10,841,988
Tax effect of temporary differences not recognised	858,371	782,768
Tax effect of tax losses not recognised	8,608,170	2,828,610
Tax effect on reversal of deferred tax liabilities	<u>(22,702,710)</u>	<u>–</u>
Tax (credit) charge for the year	<u>(22,702,710)</u>	<u>19,464,832</u>

9. DIVIDEND

During the year 2019, a final dividend for the year ended 31 December 2018 of HK\$0.02 per share amounting to HK\$24,734,440 in total has been paid. No dividend was proposed during the year, nor has any dividend been proposed since the end of the reporting period.

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 consolidated statement of financial position of HK\$87,932,060 (2018: HK\$368,821,064) by the number of shares in issue as at 31 December 2019, being 1,236,722,000 (2018: 1,236,722,000).

(Loss) earnings per share

The calculations of basic and diluted (loss) earnings per share are based on the following data:

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
(Loss) earnings		
(Loss) profit attributable to owners of the Company	<u>(250,770,742)</u>	<u>128,556,294</u>
Shares		
Weighted average number of ordinary shares in issue during the year used in basis earnings per share calculation	<u>1,236,722,000</u>	1,222,667,205
Effect of dilutive potential ordinary shares – share options	<u>32,479,790</u>	<u>32,479,790</u>
	<u>1,269,201,790*</u>	<u>1,255,146,995</u>

* *No adjustment has been made to the basic loss per share amount for the year ended 31 December 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. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Unlisted investments		
– Equity securities in Hong Kong (<i>note 1</i>)	<u>955,590</u>	<u>2,302,207</u>

Particulars of investments in unlisted equity securities held by the Group as at 31 December 2019 and 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 <i>HK\$</i>	Fair value <i>HK\$</i>	Accumulated fair value adjustment <i>HK\$</i>	Net assets attributable to the Group <i>HK\$'000</i>	Dividend received/ receivable during the year <i>HK\$</i>	% of gross assets of the Group
At 31 December 2019								
China Investment Fund International Securities Limited	Hong Kong	9%	1,800,000	955,590	(844,410)	571	-	0.26%
At 31 December 2018								
China Investment Fund International Securities Limited	Hong Kong	15%	1,764,706	2,302,207	537,501	1,271	-	0.28%

Note: China Investment Fund International Securities Limited (“CIFIS”) is principally engaged in securities business in Hong Kong.

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.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Rental deposits and prepayments	6,631,625	5,726,351
Due from brokers (<i>note</i>)	3,889,966	257,179,136
Other prepayments	307,872	87,367
Other deposits and receivables	<u>3,435,497</u>	<u>4,457,917</u>
	14,264,960	267,450,771
Portion classified as non-current assets	<u>(1,003,483)</u>	<u>(5,726,351)</u>
	<u><u>13,261,477</u></u>	<u><u>261,724,420</u></u>

Note: The balances represent the cash account balances in the brokers that are used for trading of securities. 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 receivable for which there was no recent history of default.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	<i>HK\$</i>	<i>HK\$</i>
Financial assets at fair value through profit or loss (“FVTPL”) held for trading		
— Equity securities in Hong Kong (<i>note</i>)	59,138,600	216,704,800
— Equity securities in the PRC (<i>note</i>)	62,259,662	9,422,099
	<u>121,398,262</u>	<u>226,126,899</u>

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

Name of investee companies	Place of incorporation	Particulars of issued shares held	Proportion of investee's capital owned	Cost <i>HK\$</i>	Market value <i>HK\$</i>	Accumulated unrealised gain (loss) <i>HK\$</i>	Dividend received/ receivable during the year	% of gross assets of the Group
At 31 December 2019								
Listed equity securities in Hong Kong								
Smartac Group China Holdings Limited	Cayman Islands	197,000,000	3.50%	40,310,886	29,550,000	(10,760,886)	-	7.9%
AAC Technologies Holdings Inc.	Cayman Islands	150,000	0.01%	9,936,000	10,200,000	264,000	-	2.73%
Sunny Optical Technology (Group) Company Limited	Cayman Islands	70,000	Less than 0.01%	9,966,420	9,443,000	(523,420)	-	2.52%
Alibaba Group Holding Limited	Cayman Islands	48,000	Less than 0.01%	9,981,600	9,945,600	(36,000)	-	2.66%
				<u>70,194,906</u>	<u>59,138,600</u>	<u>(11,056,306)</u>		
Listed equity securities in PRC								
Irico Display Devices Co., Ltd.	PRC	2,880,032	0.08%	19,245,877	13,659,212	(5,586,665)	-	3.65%
Tianma Bearing Group Co., Ltd.	PRC	15,000,001	1.26%	40,979,445	33,221,479	(7,757,966)	-	8.88%
Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.	PRC	2,080,000	0.57%	11,264,140	15,378,971	4,114,831	-	4.11%
				<u>71,489,462</u>	<u>62,259,662</u>	<u>(9,229,800)</u>		
				<u>141,684,368</u>	<u>121,398,262</u>	<u>(20,286,106)</u>		

Name of investee companies	Place of incorporation	Particulars of issued shares held	Proportion of investee's capital owned	Cost <i>HK\$</i>	Market value <i>HK\$</i>	Accumulated unrealised gain (loss) recognised <i>HK\$</i>	Dividend received/receivable during the year	% of gross assets of the Group
At 31 December 2018								
Listed equity securities in Hong Kong								
Smartac Group China (Holdings) Limited	Cayman Islands	197,000,000	3.50%	40,310,886	177,300,000	136,989,114	-	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	-	1.23%
Hong Kong Exchange and Clearing Limited	Hong Kong	88,000	Less than 0.01%	19,874,840	19,940,800	65,960	-	2.44%
Tencent Holdings Limited	Cayman Islands	30,000	Less than 0.01%	8,967,960	9,420,000	452,040	-	1.15%
				<u>79,112,626</u>	<u>216,704,800</u>	<u>137,592,174</u>		
Listed equity securities in PRC								
Irico Display Devices Co., Ltd.	PRC	1,880,000	0.05%	18,797,786	9,422,099	(9,375,687)	-	1.15%
				<u>97,910,412</u>	<u>226,126,899</u>	<u>128,216,487</u>		

The fair value of listed equity securities is based on their quoted closing prices in an active market.

Financial assets at FVTPL are denominated in the following currencies:

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
HKD	59,138,600	216,704,800
RMB	62,259,662	9,422,099
	<u>121,398,262</u>	<u>226,126,899</u>

14. BORROWINGS

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Interest-bearing loan notes, unsecured	42,323,525	42,277,817
Interest-bearing bonds, unsecured	217,586,060	346,312,418
Interest-bearing loans, unsecured	7,000,000	22,700,000
	<u>266,909,585</u>	<u>411,290,235</u>
Less: Amount classified as current liabilities	<u>(150,662,438)</u>	<u>(210,944,796)</u>
Amount classified as non-current liabilities	<u>116,247,147</u>	<u>200,345,439</u>
The carrying amounts of above borrowings are repayable:		
Within one year	150,662,438	210,944,796
More than one year but not exceeding two years	25,908,970	101,075,546
More than two years but not exceeding five years	80,794,336	89,277,095
More than five years	9,543,841	9,992,798
	<u>266,909,585</u>	<u>411,290,235</u>

15. SHARE CAPITAL

	Number of ordinary shares of HK\$0.05 each	Nominal value <i>HK\$</i>
Authorised:		
At 1 January 2018, 31 December 2018 and 31 December 2019	<u>4,000,000,000</u>	<u>200,000,000</u>
Issued and fully paid:		
At 1 January 2018	1,217,722,000	60,886,100
Issue of shares under the placement of shares (<i>note</i>)	<u>19,000,000</u>	<u>950,000</u>
At 31 December 2018, 1 January 2019 and 31 December 2019	<u>1,236,722,000</u>	<u>61,836,100</u>

Note: On 27 September 2018, the Company issued 19,000,000 new ordinary shares at a subscription price of HK\$10.525 per subscription share for a total cash consideration of HK\$199,975,000. The premium on the issue of shares amounted to approximately HK\$193,226,000, net of share issue expenses.

16. NET GAIN ON DISPOSALS OF SUBSIDIARIES

During the year ended 31 December 2019, the Group disposed of its entire equity interest in Fill Smart Inc Limited and First Peak Investment Limited to an independent third party for an aggregate consideration of HK\$160,000, resulting in a gain on disposal of HK\$5,543.

The aggregate net assets of the subsidiaries at the date of disposal were as follows:

	<i>HK\$</i>
Other receivables	4,239
Bank balances and cash	<u>150,218</u>
Net assets disposal of	154,457
Total consideration	<u>(160,000)</u>
Net gain on disposal	<u><u>5,543</u></u>

An analysis of net inflows of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	<i>HK\$</i>
Net cash inflow arising on disposal:	
Cash consideration received	160,000
Cash and cash equivalents disposed of	<u>(150,218)</u>
	<u><u>9,782</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in investment in listed and unlisted securities.

Hong Kong's economy has been hit quite hard by months of violent anti-government demonstrations. In the third quarter, slumping retail sales and declining tourism sent the Hong Kong economy into a recession for the first time in a decade. The on-going trade war between the United States and China also had a negative impact on both countries. In addition, volatile crude oil price caused by chaotic confrontations in the Middle East has put more pressure on the struggling global economy. Given such difficult investment environment, the Directors have taken prudent strategies to manage our portfolio.

FINANCIAL REVIEW

For the year ended 31 December 2019, the Group recorded a net loss of approximately HK\$250,771,000 (2018: a net gain of approximately HK\$128,556,000). The turnaround of the result with a loss for the year as compared to a gain in the previous year was primarily due to an unrealised loss on financial assets at FVTPL of approximately HK\$153,534,000 (2018: net unrealised gain on financial assets at FVTPL of approximately HK\$128,200,000) which was mainly attributable to the revaluation loss of listed securities.

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 31 December 2019, the Group held listed securities classified under financial assets at FVTPL of approximately HK\$121,398,000 (2018: approximately HK\$226,127,000).

Investment in unlisted securities

As at 31 December 2019, the Group's investment in unlisted securities classified under equity instruments at FVTOCI consisted of 9% (2018: 15%) shareholdings in China Investment Fund International Securities Limited ("CIFIS") of approximately HK\$956,000 (2018: approximately 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. Our investments during the year 2019 were mainly in the following two sectors: e-commerce & internet services and high technology industry.

Details of all investments of the Group as at 31 December 2019 are summarised as below:

At 31 December 2019

Listed Securities

Name of investee companies	Place of incorporation	Particulars of issued shares held	Proportion of investee's capital owned	Cost <i>HK\$</i>	Market value <i>HK\$</i>	Accumulated unrealised gain (loss) recognised <i>HK\$</i>	Dividend received/receivable during the year <i>HK\$</i>	% of gross assets of the Group
At 31 December 2019								
Listed equity securities in Hong Kong								
Smartac Group China Holdings Limited	Cayman Islands	197,000,000	3.50%	40,310,886	29,550,000	(10,760,886)	—	7.9%
AAC Technologies Holdings Inc.	Cayman Islands	150,000	0.01%	9,936,000	10,200,000	264,000	—	2.73%
Sunny Optical Technology (Group) Company Limited	Cayman Islands	70,000	Less than 0.01%	9,966,420	9,443,000	(523,420)	—	2.52%
Alibaba Group Holding Limited	Cayman Islands	48,000	Less than 0.01%	9,981,600	9,945,600	(36,000)	—	2.66%
				<u>70,194,906</u>	<u>59,138,600</u>	<u>(11,056,306)</u>		
Listed equity securities in PRC								
Irco Display Devices Co., Ltd.	PRC	2,880,032	0.08%	19,245,877	13,659,212	(5,586,665)	—	3.65%
Tianma Bearing Group Co., Ltd.	PRC	15,000,001	1.26%	40,979,445	33,221,479	(7,757,966)	—	8.88%
Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.	PRC	2,080,000	0.57%	11,264,140	15,378,971	4,114,831	—	4.11%
				<u>71,489,462</u>	<u>62,259,662</u>	<u>(9,229,800)</u>		
				<u>141,684,368</u>	<u>121,398,262</u>	<u>(20,286,106)</u>		

Unlisted Securities

Name of investee company	Place of incorporation	Proportion of investee's capital owned	Cost <i>HK\$</i>	Fair value <i>HK\$</i>	Accumulated fair value adjustment <i>HK\$</i>	Net assets attributable to the Group <i>HK\$'000</i>	Dividend received/receivable during the year <i>HK\$</i>	% of gross assets of the Group
China Investment Fund International Securities Limited ("CIFIS")	Hong Kong	9%	<u>1,800,000</u>	<u>955,590</u>	<u>(844,410)</u>	<u>571</u>	—	<u>0.26%</u>

At 31 December 2018

Listed Securities

Name of investee companies	Place of incorporation	Particulars of issued shares held	Proportion of investee's capital owned	Cost <i>HK\$</i>	Market value <i>HK\$</i>	Accumulated unrealised gain (loss) recognised <i>HK\$</i>	Dividend received/receivable during the year <i>HK\$</i>	% of gross assets of the Group
<i>Listed equity securities in Hong Kong</i>								
Smartac Group China Holdings Limited	Cayman Islands	197,000,000	3.50%	40,310,886	177,300,000	136,989,114	–	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	–	1.23%
Hong Kong Exchanges and Clearing Limited	Hong Kong	88,000	Less than 0.01%	19,874,840	19,940,800	65,960	–	2.44%
Tencent Holdings Limited	Cayman Islands	30,000	Less than 0.01%	8,967,960	9,420,000	452,040	–	1.15%
				<u>79,112,626</u>	<u>216,704,800</u>	<u>137,592,174</u>		

Listed equity securities in The People's Republic of China ("PRC")

Irigo Display Devices Co., Ltd.	PRC	1,880,000	0.05%	18,797,786	9,422,099	(9,375,687)	–	1.15%
				<u>97,910,412</u>	<u>226,126,899</u>	<u>128,216,487</u>		

Unlisted Securities

Name of investee company	Place of incorporation	Proportion of investee's capital owned	Cost <i>HK\$</i>	Fair value <i>HK\$</i>	Accumulated fair value adjustment <i>HK\$</i>	Net assets attributable to the Group <i>HK\$'000</i>	Dividend received/receivable during the year <i>HK\$</i>	% of gross assets of the Group
China Investment Fund International Securities Limited ("CIFIS")	Hong Kong	15%	1,764,706	2,302,207	537,501	1,271	–	0.28%

Going forward

Given the fluctuation in the worldwide financial markets, the Board will continue to identify any investment opportunities and manage the investment portfolio in accordance with the Company's investment objective and policy with a view of gaining good investment yields for our shareholders. The Board will monitor market development closely with a view of identifying attractive and long-term investment opportunities.

SUMMARY OF MATERIAL LEGAL PROCEEDINGS INVOLVING THE COMPANY

(1) High Court Constitutional and Administrative Law Proceedings HCAL 3305 of 2019

On 8 March 2019, trading suspension of the Company's shares was directed by the Securities and Futures Commission ("SFC") pursuant to Section 8 of the Securities and Futures (Stock Market Listing) Rules ("SMLR").

On 15 May 2019, the Company via its legal advisers filed its representations with the SFC to initiate the procedure under Section 9 of the SMLR for trading resumption.

On 3 October 2019, the Company and its legal advisers attended a meeting with the board of directors of the SFC ("SFC Board") where the SFC Board considered the Company's application for trading resumption and heard representations made by Senior Counsel on behalf of the Company.

By its letter dated 17 October 2019 ("SFC Board Letter"), the SFC Board delivered its written decision. The SFC Board Letter stated, among other things, that the SFC Board concluded that it would be in the interest of the investing public or the public interest, and for the protection of investors, to permit dealings in the shares of the Company to recommence, but only subject to a condition that the SFC had not instituted legal proceedings against the Company or any of its officers before 17 October 2020.

On 6 November 2019, the Company via its legal advisers filed an application for judicial review to the High Court of Hong Kong in HCAL 3305 of 2019. The Company's application sought to quash the imposed condition on, inter alia, the grounds that the period of further suspension extended by the imposed condition was arbitrary, excessive, disproportionate, unjustified and oppressive. Prior to determination of the judicial review proceedings, on 23 January 2020, the SFC directed that the trading of the shares of the Company be resumed that day. In view of the trading resumption, the Company via its legal advisers took steps to withdraw the judicial review proceedings against the SFC. The Court granted an order allowing the judicial review proceedings to be withdrawn on 23 January 2020.

(2) High Court Action HCA 796 of 2016

A Writ of Summons with an Indorsement of Claim was issued on 29 March 2016 in the High Court of Hong Kong in HCA 796 of 2016 by Yang Yan as plaintiff against the Company and its former subsidiary, Grand Dragon Investment Development Limited (“**Grand Dragon**”) as defendants whereby the plaintiff is claiming against the defendants for the forfeiture of a deposit for HK\$10,000,000 paid by the Company on behalf of Grand Dragon to the plaintiff pursuant to the written equity transfer agreement between Grand Dragon and the plaintiff in relation to the failure to commence due diligence of the target company which the plaintiff claims is a repudiatory breach of the said agreement. The defendants have counterclaimed against the plaintiff (which action has been consolidated with High Court Action 796 of 2016) for, *inter alia*, an order for the return of the deposit of HK\$10,000,000 to the defendants.

The parties have exchanged witness statements and a case management summons is fixed to be heard on 7 September 2020. While the parties continue to prepare the matter for trial, no hearing date has yet been fixed for the trial.

(3) High Court Action Miscellaneous Proceedings HCMP 1102 of 2019 and HCMP 719 of 2019

These two actions relate to the issuance of ten Bond Notes issued by the Company to an individual, namely, Huang Qingzhan (“**Huang**”) for the aggregate principal value of HK\$10 million due for repayment on 30 April 2023 (“**Bond Notes**”). Interest is payable on the Bond Notes on a bi-annual basis commencing 31 March 2016. The issue to be determined in HCMP 719 of 2019 relates to whether the suspension of the Company’s shares on 8 March 2019 entitled Huang to early redemption of the Bond Notes. The Company maintains that such suspension was not a breach of the terms of the Bond Notes. The issue to be determined in HCMP 1102 of 2019 relates to whether the interest payment paid by the Company on the due date of 31 March 2016 to an account disclosed by Huang was made in accordance with the terms and conditions of the Bond Notes. The Company maintains the interest payment was duly paid on time.

In view of the current public health crisis, the Court has directed that the determination of the two proceedings be dealt with together on the papers alone without a hearing and the parties are still awaiting the outcome of the same.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had bank balances and cash of approximately HK\$208,065,000 as at 31 December 2019 (2018: approximately HK\$304,217,000), representing approximately 55.6% (2018: approximately 37.2%) of the Group's total assets. As at 31 December 2019, the Group had long-term debts which are unsecured interest-bearing loan notes and unsecured interest-bearing bonds in an aggregate amount of approximately HK\$116,247,000 (2018: approximately HK\$200,345,000).

Apart from the long-term debts, the Group had short-term debts consisting of unsecured interest-bearing bonds and unsecured interest-bearing loans at approximately HK\$150,662,000 (2018: approximately HK\$210,945,000).

The Group's gearing ratio, being the total debts divided by equity attributable to owners of the Company, was approximately 303.5% as at 31 December 2019 (2018: approximately 111.5%).

COMMITMENTS

There were no capital commitments as at 31 December 2019 (2018: Nil).

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2019, there were no charges on the Group's assets and the Group did not have any material contingent liabilities (2018: Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the business transactions of the Group are denominated in Hong Kong dollars, US dollars ("USD") and Renminbi ("RMB"). The management of the Group will closely monitor fluctuations in these currencies and take appropriate actions when needed. As at 31 December 2019, the Group did not engage in currency hedging nor did it adopt any formal hedging activities. For the year ended 31 December 2019, the Group had major financial assets of approximately HK\$81,871,000 (2018: approximately HK\$16,892,246) which was denominated in RMB and major financial assets of approximately HK\$25,085,000 (2018: approximately HK\$42,894,000) which was denominated in USD. The Group currently does not have any foreign currency hedging currency policy. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Except for disclosed in note 16 to this announcement, there was no other material acquisition or disposal of subsidiaries by the Group.

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 year, 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.

PROSPECTS

Although the US and China reached a tentative agreement on "Phase 1" trade deal in October 2019 providing some relief to the dramatic escalation of the trade war in August 2019, the tentative agreement has failed to settle the major differences between the two sides, suggesting that 2020 could be turbulent on the trade front. A coronavirus outbreak in early 2020 has spread to at least 25 other countries. Chinese authorities have locked down Wuhan and many other cities to contain the disease. The outbreak has caused disruptions to manufacturing and trade flows. Brexit and the coming US presidential election will provide additional sources of concern about the global economic slowdown. Under such highly uncertain economic environment, the Directors will take prudent strategies to manage our investment portfolio.

On 24 January 2020, Ms. Ma Xiaoqiu ("**Ms. Ma**"), a non-executive director of the Company since 27 June 2017, has assumed the roles as chairman of the Board. The Company believes that under Ms. Ma's leadership, the Company will be able to achieve future success.

COMPLIANCE WITH THE APPLICABLE LAW AND REGULATIONS

In relation to human resources, during the year 2019 the Company has in all material respects complied with the requirements of the ordinances relating to disability, sex, family status and race discrimination, as well as the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to occupational safety of employees of the Group.

On the corporate level, during the year 2019 the Group has in all material respects complied with the applicable requirements under the Companies Law (Revised) under the laws of the Cayman Islands, the Rules Governing the Listing of Securities on the Stock Exchange, the Companies Ordinance and the Securities and Futures Ordinance under the laws of Hong Kong.

EMPLOYEES

As at 31 December 2019, the Company had 20 employees including executive Directors, (2018: 24). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees. During the year, the Group has generally maintained good relationship with its employees.

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

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2019, the Company 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 did not attend 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 comprises solely of independent non-executive Directors only, namely, Ms. Jing Siyuan (chairman), Mr. Zhang Aimin and Mr. Zhang Qiang. The composition and members of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules.

The Audit Committee is mainly responsible for overseeing the Company's financial reporting system and internal control procedures; making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of the resignation or dismissal of such auditors; and reviewing the interim and annual reports and accounts of the Company.

The Audit Committee meets regularly to review the financial reporting process and internal controls of the Group. The Audit Committee has reviewed the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters with management of the Company including a review of the consolidated financial statements of the Group for the year ended 31 December 2019.

The Group's 2019 audited financial statements had been duly reviewed by the Audit Committee with the auditor and in relation to which the members of the Audit Committee unanimously recommended for approval by the Board. The Audit Committee has concluded that it is satisfied with the professional performance of HLM CPA Limited ("HLM") as the auditor of the Company and therefore recommends to the Board that HLM be reappointed as the auditor of the Company, which will be put forward for Shareholders approval at the coming annual general meeting.

With the consent of the Audit Committee, the Board hereby confirms that, in the preparation of the 2019 consolidated financial statements of the Group, the Directors, both collectively and individually applied such degree of skill, care and diligence as may reasonably be expected of them under the Rule 3.08 of the Listing Rules.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises of one executive Director, Mr. Zhang Xi and two independent non-executive Directors, namely, Mr. Zhang Aimin (chairman) and Ms. Jing Siyuan.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for remuneration of all the Directors and senior management of the Company and making recommendations to the Board on the remuneration packages of individual executive Director and senior management.

NOMINATION COMMITTEE

The Nomination Committee currently comprises of one executive Director, Mr. Luk Hong Man, Hammond and two independent non-executive Directors, namely, Ms. Jing Siyuan (chairman) and Mr. Zhang Aimin.

The Nomination Committee is mainly responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of the independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee formulated the Board diversity policy and the Company has adopted the Board diversity policy in August 2013. The Company recognises and embraces the benefits of diversity in Board members. Selection of Board members will be based on a range of diversified perspectives, including but not limited to gender, age, ethnicity, cultural and educational background, or professional experience. All Board appointments will be based on merit and the needs of the Company's business while taking into account

diversity. The Nomination Committee also monitors the implementation of this policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under this policy.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the website of the Company at www.dyf.com.hk. The Company's annual report for the year ended 31 December 2019 will in due course be published on the same websites and despatched to the Company's shareholders.

SCOPE OF WORK OF HLM

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Group's auditor, HLM, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLM on this annual results announcement.

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

Hong Kong, 28 February 2020

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